Par. 8.2.1.1.52
830

Tuesday,
1st December, 1953

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

Price Six Annas (Inland)
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THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

Dated 24.11.201

HOUSE OF THE PEOPLE

Tuesday, 1st December, 1953

The House met at Half Past One of the Clock.

[MR. SPEAKER *in the Chair.*]

ORAL ANSWERS TO QUESTIONS

ACCOUNTING SYSTEM

*443. **Shri S. N. Das:** Will the Minister of **Finance** be pleased to state:

(a) whether steps have been taken to overhaul and reform the existing accounting system of the Union and State Governments, which is outmoded in the present constitutional set up;

(b) if so, what; and

(c) whether the Comptroller and Auditor-General has submitted any suggestions in this regard?

The Minister of Finance (Shri C. D. Deshmukh): (a) to (c). A statement giving the required information is placed on the Table of the House. [*See* Appendix III, annexure No. 1.]

Shri S. N. Das: In regard to item (ii) mentioned in the statement, may I know whether any team of officials has been asked to prepare all the amendments that are necessary in the existing accounting rules and procedure?

Shri C. D. Deshmukh: Yes, Sir.

Shri S. N. Das: May I know how long it will take, or is the hon. Minister in a position to state the definite period within which this accounting procedure and the rules will be brought according to the Constitution?

Shri C. D. Deshmukh: It is not possible to say that, but the report of these officers was expected to be received by the Comptroller and Auditor-General before the end of the financial year.

Shri S. N. Das: May I know whether the State Governments have been consulted with regard to the separation of audit from accounts and the general need for bringing the existing rules in accordance with the changed conditions brought about by the Constitution?

Shri C. D. Deshmukh: I cannot answer the question. Generally in regard to the separation of audit and accounts, we are in correspondence with the State Governments.

PREPARATION OF MAPS IN HINDI

*444. **Sardar Hukam Singh:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) whether the Survey of India Department has undertaken the preparation of any maps in Hindi;

(b) what special maps have been prepared in Hindi since the 7th July, 1952; and

(c) whether this Department prepares any maps in any regional languages as well?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Yes, Sir.

(b) None.

(c) No, Sir.

Sardar Hukam Singh: When was the preparation of these maps in Hindi undertaken? When was the decision to print them in Hindi taken?

Shri K. D. Malaviya: The first Hindi map was published in 1952, but the main difficulty that has delayed the publication of the maps since the beginning is non-availability of suitable Hindi types.

Sardar Hukam Singh: Are there any special features to be depicted in the maps prepared by this Survey?

Shri K. D. Malaviya: Yes, Sir. In regard to the programme of printing Hindi maps, the proposal is to have railway maps, road maps and other types of maps which are possible, but as I said, everywhere the difficulty is in regard to finer Hindi types.

Dr. Ram Subhag Singh: What are the maps the preparation of which has been undertaken by Government in Hindi?

Shri K. D. Malaviya: The programme of Hindi maps is: 70 miles political map of India; 70 miles physical map; 128 miles map of India; 192 miles map of India and then maps on the scale of 1" for 16 miles.

Shri S. N. Das: In view of the difficulties experienced by Government, may I know whether any steps have been taken to remedy the difficulty experienced by non-availability of Hindi types?

Shri K. D. Malaviya: The difficulty has been considered and we hope that we will soon start the finer types in Hindi.

MECHANISATION CENTRE FOR MINES

*445. **Sardar Hukam Singh:** Will the Minister of **Natural Resources and Scientific Research** be pleased to refer to the reply given to starred question No. 1124 asked on the 8th September, 1953 and state:

(a) whether the Expert Committee appointed to examine the possibility of setting up a Mechanisation Centre at the Indian School of Mines for imparting training to the students in mine mechanisation has submitted its report; and

(b) if so, what action has been taken on that report?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) and (b). The Committee has not yet been able to meet, because one of the members, who is a specialist in coal mining and mining machinery and whose presence is absolutely necessary for the work of the Committee, is abroad. He has gone for further special training and is expected back in January 1954.

FACILITIES TO GOVERNMENT EMPLOYEES FOR SPREADING EDUCATION

*446. **Sardar Hukam Singh:** Will the Minister of **Home Affairs** be pleased to refer to the reply given to starred question No. 1390 asked on the 17th April 1953 and state:

(a) whether any employee, wishing to utilise his spare time for spreading education must first seek permission from Government; and

(b) if so, what is the number of employees (i) who sought permission, and (ii) to whom permission was given?

The Deputy Minister of Home Affairs (Shri Datar): (a) No.

(b) Does not arise.

Sardar Hukam Singh: Are there any special difficulties in allowing these persons to take up that work if we want to have a literary drive in our country?

Shri Datar: My hon. friend has misunderstood my reply. We have issued instructions that they can join and carry on such work without any permission.

Sardar Hukam Singh: If there is no permission required, has the Government any data in regard to the number of persons who have taken up this work and whether they are getting any remuneration by way of conveyance etc.?

Shri Datar: They cannot, under the rules, get any remuneration at all. The work ought to be done in an honorary capacity.

Sardar Hukam Singh: Is even conveyance not allowed to them?

Shri Datar: On that question, I have no information at present.

HIGH COURT JUDGES

*447. **Dr. Ram Subhag Singh:** Will the Minister of **Home Affairs** be pleased to state whether Government propose to allow High Court Judges to practise after retirement in the Supreme Court or in a High Court other than the one where they served before retirement?

The Deputy Minister of Home Affairs (Shri Datar): This proposal is under the consideration of the Government of India.

Dr. Ram Subhag Singh: Has the Government of India also asked the State Governments to express their opinions on this proposal?

Shri Datar: Yes, the opinions of State Governments have been received.

Dr. Ram Subhag Singh: May I know which are the State Governments that have expressed their disagreement in regard to this proposal?

Shri Datar: It will not be proper at this stage to disclose the names of the various States.

Dr. Ram Subhag Singh: Do Government propose also to increase the retirement age of the High Court Judges?

Shri Datar: No, Sir. This question has been already answered by me previously.

Mr. Speaker: We will go to the next question.

N.C.C.

*448. **Dr. Ram Subhag Singh:** Will the Minister of **Defence** be pleased to state:

(a) whether Government propose to form some more National Cadet Corps Air Squadrons; and

(b) if so, how many and when?

The Deputy Minister Of Defence (Shri Satish Chandra): (a) Yes.

(b) During the current year the following Air Wing units of the N.C.C. have been raised:—

Senior Division:

1 Air Squadron in Madhya Pradesh.

1 Air Squadron in Punjab.

Junior Division:

One Air Troop in each of the Public Schools at Indore, Begumpet, Ajmer, Patiala and Lovedale.

Dr. Ram Subhag Singh: May I know the expenditure incurred in introducing this air squadron training?

Shri Satish Chandra: There are no separate figures available for the expenditure incurred on the air wings alone, because the N.C.C. expenditure as a whole is shared between the Centre and the States.

Dr. Ram Subhag Singh: Has any priority list been prepared for giving allotment for air squadron training to different flying clubs in the country?

Shri Satish Chandra: There is no priority. As the demands come from the State Governments,—and if they are prepared to bear their part of the expenditure—the Central Government opens an air unit in a college or a university at the particular place.

Dr. Ram Subhag Singh: Has any circular been sent to all the State Governments in regard to that, so that they might send in their proposals?

Shri Satish Chandra: It is quite obvious that the air squadrons can be opened only at places where there are flying clubs. We have asked the State Governments if they would like to have more air squadrons in co-operation with the flying clubs in their respective States.

Shri T. S. A. Chettiar: As there is no flying club at Lovedale, may I know where they propose to give the air training? Lovedale was one of the places mentioned by the hon. Deputy Minister.

Shri Satish Chandra: I told the House that there is one air troop of the Junior Division at Lovedale. There is no flying training given in the Junior Division.

EXCHANGE OF CULTURAL VISITS

***450. Shri S. N. Mishra:** Will the Minister of **Education** be pleased to refer to the reply to starred question No. 173 asked on the 5th August, 1953 and state:

(a) the number of Cultural visits so far of distinguished foreigners to India and of distinguished Indians to foreign countries under the auspices of the Indian Council of Cultural Relations since its inception;

(b) the study tours of eminent Indian and foreign scholars for which grants have been given by the Council so far; and

(c) the foreign institutions where chairs of Indology have been instituted?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Five and three respectively.

(b) Three and one respectively.

(c) One.

Shri S. N. Mishra: May I know the names of institutions in foreign countries with which this Council has established cultural contacts?

منسٹر آف ایجوکیشن اینڈ نیچرل ریسورسز اینڈ سائنٹیفک ریسرچ (مولانا آزاد): کونسل دوسرے ملکوں کے انسٹی ٹیوشن سے ضرور تعلقات پیدا کرے۔ اس طرح کا کوئی کام اس نے شروع نہیں کیا ہے - لیکن جس جس جگہہ اس نے اپنا کوئی کلچرل سینٹر قائم کیا ہے جیسے تہران کی یونیورسٹی میں سنسکرت کا پروفیسر بھیجا ہے - وہاں اس طرح کے تعلقات قائم ہوئے ہیں -

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad)**: The Council can establish relations with institutions in foreign countries. However, it has not started any such work. But such relations have been established wherever it has opened its cultural centre, as for example in Tehran where it has sent a Professor of Sanskrit for the University.]

श्री एस० एन० मिश्र: मैं यह जानना चाहता हूं कि जो विशेषज्ञ बाहर से आते हैं वे आखिर कैसे आते हैं? सरकारों को दावत दी जाती है या वहां की संस्थाओं (इन्स्टिट्यूशन्स) की तरफ से आते हैं?

مولانا آزاد - کبھی گورنمنٹ کے ذریعہ کبھی ڈائرکٹ کونسل کو۔

[**Maulana Azad**: Sometimes invitations are sent through the Governments and sometimes direct to the Council.]

श्री एस० एन० मिश्र : मैं जानना चाहता हूं कि यहां से जो विशेषज्ञ भेजे गये उन के नाम क्या हैं, या बाहर से जो विशेषज्ञ आये उन के नाम क्या हैं।

श्री के० डी० मालवीय : जो यहां से बाहर गये उन के नाम हैं। मिसेज साराभाई....

अध्यक्ष महोदय : आप उनकी संख्या बता दीजिये ।

श्री के० डी० मालवीय : वह तो तीन ही हैं ।

डा० राम सुभग सिंह : उन के नाम भी बता दीजिये ।

श्री के० डी० मालवीय : उन के नाम ये हैं ।

(१) मिसेज साराभाई, जो दिसम्बर १९५० में इजिप्ट गई थीं ।

(२) श्री काका साहब कालेलकर और श्री जी रामचन्द्र, जो अक्तूबर १९५२ में नैरोबी गये थे ।

(३) श्री दिलीप कुमार राय और श्रीमती इन्द्रा देवी, जो मार्च १९५३ में अमेरीका गये थे ।

जो बाहर से आये वह ये हैं :

(१) प्रो० सईद नफीसी ईरान, जो शान्तिनिकेतन की वर्ल्ड पेसिफिस्ट कान्फ़ेन्स में शामिल हुए ।

(२) मैसर्ज मुसाजी और मुलिरा, यूगैन्डा से, जनवरी १९५३ ।

(३) मि० ओगिंगा ओडिंगा, किसुमु, वृटिश ईस्ट अफ्रीका से, मार्च-अप्रैल, १९५३ ।

(४) मैडम निला कुक, ईरानियन बलट के साथ, अप्रैल १९५३ ।

(५) डा० माइल्स डिल्लन, डबिलन से, अगस्त-सितम्बर, १९५३ ।

Shri Muniswamy: May I know, Sir, whether this Council publishes any report after having study groups; if so, how many reports have been published so far?

مولانا آزاد : نہیں - اس سلسلہ میں کوئی خاص رپورٹ اس نے شائع نہیں کی ہے -

[**Maulana Azad:** It has not published any special report in this connection.]

MINERALS IN ANDHRA

*451. **Shri Amjad Ali:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state:

(a) to what extent the possibilities of the following minerals *viz.* manganese, mica, barytes, limestones and gypsum have been explored in the State of Andhra; and

(b) whether there is any deposit of coal in the State of Andhra?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) A statement giving the information required is laid on the Table of the House. [*See* Appendix III, annexure No. 2.]

(b) No, Sir.

Shri Amjad Ali: As regards (a), may I know with regard to maganese, mica, barytes and limestone, whether any of these minerals have been under prospecting survey in Andhra?

Shri K. D. Malaviya: The explorations have been carried out and the information available has been laid on the table of the House. With regard to detailed prospecting, it all depends upon private industrialists or anybody else who undertakes the exploitation of those minerals on the advice of the Government.

Dr. Rama Rao: May I know whether the Government are doing anything to develop these ores industrially?

Shri K. D. Malaviya: As I said, the exploitation of mines is a State subject. We are only to carry out a general survey and advise the State Governments as to what minerals are found in particular States.

POPPY

***452. Shrimati Kamlendu Mati Shah:** Will the Minister of **Finance** be pleased to state:

(a) whether Government propose to ban the cultivation of poppy in the areas where it is permitted now;

(b) if so, whether any time limit has been fixed; and

(c) whether Government are aware that poppy plant is an essential substitute for cereals which are difficult to grow in the hilly regions of Tehri-Garwal District?

The Deputy Minister of Finance (Shri A. C. Guha)): (a). and (b). No, Sir. Government have no proposal to ban the cultivation of the poppy in the traditionally growing areas, but they have enforced an overall restriction of acreage during the current opium year, namely, 1-10-53 to 30-9-54, in view of the satisfactory stock position, the reduced domestic requirements and an anticipated fall in the export demand. Government have also a proposal to abolish, in the course of the next two years, the cultivation of the poppy for the extraction of opium in Himachal Pradesh where the yield is poor and control difficult. Similarly, where poppy is cultivated for seeds and not for extraction of opium as in certain districts of the Punjab, PEPSU and the Uttar Pradesh, poppy cultivation will be progressively reduced.

(c) The information at the disposal of Government does not support that it is difficult to grow cereals in Tehri-Garhwal; Government are, however, aware that poppy heads are being used by the inhabitants of that area as an article of food. For this reason, it has been decided, in consultation with the Uttar Pradesh Government to continue the cultivation of poppy heads in Tehri-Garhwal, although on a progressively diminishing scale for the next four years.

Shri Sarangadhar Das: In view of the fact that some years ago the Government had decided to reduce the consumption of opium by 10 per cent. every year, may I know how it is going to be reduced if the poppy cultivation is not reduced?

Shri A. C. Guha: Sir according to International Convention we are going to stop the supply of opium to different States for oral consumption and that would be stopped in 1959. Accordingly, we are also reducing the acreage under poppy cultivation.

Shri K. K. Basu: May I know what percentage of this poppy production is consumed within the country and what percentage is exported?

Shri A. C. Guha: Sir, that information is not readily available with me now.

Shri Radhelal Vyas: May I know whether the yield in the Himachal Pradesh is really less or is it shown to be less because opium is smuggled out of that State?

Shri A. C. Guha: There is a little amount of smuggling in Himachal Pradesh.

INCOME-TAX TRIBUNAL (PATNA BENCH)

***454. Shri Nageshwar Prasad Sinha:** (a) Will the Minister of **Law** be pleased to state whether there is a proposal to shift the Patna Bench of Income-Tax Appellate Tribunal?

(b) If so, to what place?

(c) Has the Bihar Chamber of Commerce submitted a representation protesting against the proposed shifting?

(d) What decision has been taken on their representation, if any?

The Minister of Law and Minority Affairs (Shri Biswas): (a) Yes.

(b) Calcutta.

(c) Yes.

(d) The matter is under consideration. No final decision has been taken so far.

Shri Nageshwar Prasad Sinha: May I know whether there was also a proposal to shift the Allahabad Bench to somewhere else and that has been cancelled, whereas the case of Bihar has been kept hanging?

Shri Biswas: As a matter of fact, the proposal for shifting both the Allahabad Bench and the Patna Bench came before us, from the President of the Tribunal at the same time. There were a number of representations received from Allahabad against the shifting of the Bench from there. None, however, had been received regarding Patna. So, when the matter was considered later, in consultation with the President of the Tribunal, it was decided to retain the Allahabad Bench for the time being. So far as Patna was concerned, in view of the fact that no serious representations had been received, the proposal to shift it stood. But, then, after the decision to retain the Allahabad Bench was publicised, there came in a torrent of protests from Patna. As a matter of fact, Sir, the suggestion was that although the Patna Bench was proposed to be removed to Calcutta, the assessees would be given the option to have their cases heard either at Calcutta or at Patna. A sort of a skeleton office would be maintained at Patna to receive the appeals and applications and when a sufficient number had accumulated, a Bench would come from Calcutta to dispose of these appeals at Patna. However, this has not satisfied the objectors. We have, now, a large number of representations from the Chamber of Commerce, other Commercial bodies and institutions and the Bar and so on. So, the whole matter is now being re-considered, in view of these representations.

Shri Nageshwar Prasad Sinha: May I take it from the answer given by the hon. Minister that the case of Bihar will also be considered favourably if there are serious representations made torrentially?

Shri Biswas: It all depends upon the merits of these representations.

"ELECTION LAW REPORT"

*455. **Shri Nageshwar Prasad Sinha:** Will the Minister of **Law** be pleased to state when the 'Election Law Report' containing the decisions of the Supreme Court and High Courts of the States is expected to be published?

The Minister of Law and Minority Affairs (Shri Biswas): The Election Law Report will be published in parts and the first part is expected to be published some time in December, 1953.

Shri Nageshwar Prasad Sinha: May I know if it will be an out and out Government concern?

Shri Biswas: It will be a Government publication; just as we have reports of the High Courts and the Reports of the Supreme Court, we will have reports of the Election Commission.

Sardar A. S. Saigal: May I know if Government is contemplating to change the election law according to the latest decision of the Supreme Court?

Shri Biswas: That question does not arise out of this.

Shri Syed Ahmed: What is the decision of the Supreme Court—there is no decision of the Supreme Court so far.

STANDARD VACUUM OIL COMPANY

*456. **Shri K. P. Sinha:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state the period for which the mining and prospecting licences have been granted to the Standard Vacuum Oil Company in West Bengal?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): No prospecting license or mining lease for petroleum has yet been granted to the Standard Vacuum Oil Company in West Bengal.

Shri K. P. Sinha: Did this Company undertake any survey of that area?

Shri K. D. Malaviya: Yes, Sir; a survey was undertaken by this Company sometime back.

Shri K. P. Sinha: Has any report been submitted and is there any prospect of oil there?

Shri K. D. Malaviya: Yes, Sir.

Shri K. K. Basu: May I know whether it is one of the conditions of allowing that survey that if there is any favourable report received, the Company will get the mining lease of that area?

Shri K. D. Malaviya: No, Sir, not like that.

D.V.C. LOAN

***457. Shri K. P. Sinha:** Will the Minister of **Finance** be pleased to state whether the entire amount under first D.V.C. loan has been drawn?

The Minister of Finance (Shri C. D. Deshmukh): According to the latest report available as on the 31st August 1953, a sum of $ 14,085,206 has been drawn out of the total first loan amount of $18,500,000.

Shri K. P. Sinha: May I know whether the first loan would cover the entire cost of the D. V. C. first stage?

Shri C. D. Deshmukh: It will cover the foreign exchange element in the Bokaro thermal plant, the Konar dam and the three transmission lines—about 470 millions—covering Burdwan, Kharagpur, Sindri etc.

Shri K. P. Sinha: Is there any programme for drawing the second loan?

Shri C. D. Deshmukh: We have obtained a second loan—19·5 million dollars.

Shri S. N. Mishra: May I know whether the Rau Committee has commented on the utilization of this loan in any way and, if so, to what effect?

Shri C. D. Deshmukh: I do not deal with the Rau Committee. That concerns the Ministry of Irrigation and Power.

Shri S. N. Mishra: Sir, since my question relates to the utilization of loans, I think it is the Finance Minister's concern.

Shri C. D. Deshmukh: The matter has not come to my notice.

CENSUS REPORT

***460. Shri Krishnacharya Joshi:** Will the Minister of **Home Affairs** be pleased to state whether Government have received 1951 Census Report from the Hyderabad State?

The Deputy Minister of Home Affairs (Shri Datar): The 1951—Census Report on Hyderabad State is under preparation and is nearing completion.

Shri Krishnacharya Joshi: May I know how many of the other States have sent their reports?

Shri Datar: There are a number of States.

Shri Krishnacharya Joshi: When do the Government propose to publish them?

Shri Datar: The Government propose to publish all the reports regarding census as early as possible.

श्री नवल प्रभाकर : क्या मैं जान सकता हूं कि हैदराबाद में जिन हरिजनों और अछूतों को लिखा गया है उन को भी सैंसस में ले लिया गया है ?

Shri Datar: The census will deal with all this.

श्री नवल प्रभाकर : उन की गणना किस तरह से की गयी है ?

अध्यक्ष महोदय : आप का सवाल क्या है ?

श्री नवल प्रभाकर : इन्होंने जो अछूतों और हरिजनों को दिखाया है तो उन की गणना किस तरह से की गयी है ?

Shri Datar: Directions have been issued regarding enumeration of scheduled castes and they would be followed in the case of Hyderabad also.

LOTTERIES AND PUZZLES

***461. Shri Radha Raman:** (a) Will the Minister of **Finance** be pleased to state whether Government are aware of the fact that a great amount of Indian currency flow to foreign countries through lotteries and puzzles?

(b) Do Government propose to take any steps to stop this out-flow of money or introduce some alternatives?

The Parliamentary Secretary to the Minister of Finance (Shri B. A. Bhagat): (a) and (b). Though remittances are specifically allowed for this purpose, Government are aware that there is some outflow of funds on account of lotteries and puzzles. They do not however think that it is of such a large order as to justify further tightening up of exchange control which would have other undesirable results.

Shri Radha Raman: May I know, Sir, if the Government has collected some figures of the number of lotteries and puzzles run in India in which foreign participants won the prize?

Shri B. R. Bhagat: No, Sir.

Shri Radha Raman: May I know, Sir, if the Government proposes to collect such figures in future?

Shri B. R. Bhagat: No, Sir.

Shri G. P. Sinha: In view of the fact that the Government has replied that there are no figures before the Government, how could the Government think that the.....

Mr. Speaker: Order, order. The hon. Member is arguing.

Shri T. N. Singh: Are the Government aware of the fact that there are certain lotteries and puzzles which are run both in this country and in some neighbouring countries with separate offices and with separate arrangements for financial remittances and payment and that there are such concerns in Delhi itself?

Shri B. R. Bhagat: There may be some of these offices, but this question does not specifically relate to them. We are concerned only if it comes under the exchange control regulations in case of their remittances.

LABOUR UNIONS IN PEPSU

***463. Shri Ajit Singh:** Will the Minister of **States** be pleased to state how many labour unions have been registered under the Indian Trade Unions Act, 1926 since the 'President's Rule' has been promulgated in P.E.P.S.U.?

The Minister of Home Affairs and States (Dr. Katju): Two, namely, (1) the Central Bank of India Employees Union, Patiala; and (2) the Patiala Cement and Quarry Workers Union, Surajpur.

Shri Punnoose: What was the total number of labour unions in PEPSU when the President's rule began?

Dr. Katju: Eight plus two make ten—now.

Shri Punnoose: May I know whether the recognition of any union has been cancelled during this time?

Dr. Katju: I require notice.

HISTORY OF FREEDOM MOVEMENT

***464. Shri S. C. Samanta:** Will the Minister of **Education** be pleased to state:

(a) who will bear the expenses of the State Committees, formed to help the Central Committee for the compilation of the History of the Freedom Movement;

(b) whether it has been finally settled how far into the past the Committees will go to collect materials;

(c) whether any attempts have been made to collect relevant materials from foreign countries; and

(d) if so, what are they?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) The State Governments concerned.

(b) Materials are being collected of all resistance activities of the people against the rule of the East India Company after it was established in different places at different times.

(c) Yes.

(d) As the materials already collected are voluminous and have not yet been fully classified, it is not possible to give an account at this stage.

श्री एस० सी० सामन्त : क्या मैं जान सकता हूं कि यह जो बताया गया है उस के अनुसार क्या सिपाही म्यूटिनी के वक़्त के पहले का कोई मैटीरियल इकट्ठा नहीं किया गया है ?

श्री के० डी० मालवीय : जी, नहीं, सिपाही म्यूटिनी के पहले का भी मैटीरियल इकट्ठा किया गया है और जैसा मैंने कहा बाहर से आया भी है ।

श्री एस० सी० सामन्त : क्या उड़ीसा के लिये भी है ?

منسٹر آف ایجوکیشن اینڈ نیچرل ریسورسیز اینڈ سائنٹیفک ریسرچ (مولانا آزاد) : خاص خاص جگہوں کا نام ابھی نہیں بتلایا جا سکتا لیکن کمیٹی نے جو میٹیریل جمع کیا ہے وہ ہر جگہہ سے تعلق رکھتا ہے اور بہت زیادہ ہے ۔

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad)**: No specific places can be named at this stage. The material collected by the Committee is sufficiently vast and relates to various places.]

श्री एस० सी० सामन्त : बाहर से जो मैंटीरियल मिला है, क्या वह वापस दना पड़ेगा या उस को हम रख सकते हैं ?

مولانا آزاد : کچھ چیزیں ایسی ہیں جن کو واپس نہیں کرنا ہے جیسے کہ یونائیٹڈ اسٹیٹس سے کچھ چیزیں آئی ہیں - وہ ہم کو مل گئی ہیں -

[*Maulana* **Azad:** There are certain things which are not to be returned; just as material has come from the United States and we are to keep it]

श्री एस० सी० सामन्त : क्या नेता जी के बारे में भी मैंटीरियल इकट्ठा किया गया है ?

مولانا آزاد : بہت کچھ -

[**Maulana Azad:** Quite a lot.]

Shri H .N. Mukerjee: May I know if the documents in the National Archives like those which Sir Allan Hume examined before the foundation of the Congress are being made available to Members of this Committee and to those who are collaborating in the production of this history?

Maulana Azad: Yes.

AID TO HOSPITAL IN JAMMU-KASHMIR STATE

*465. **Shri Gidwani:** (a) Will the Minister of Defence be pleased to state whether it is a fact that the Government of India have offered all equipment and accessories intended for a modern 500-bed hospital in the State of Jammu and Kashmir?

(b) If so, what will be the total expenditure on it?

(c) Has any such help been given or is intended to be given to any other State?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes, mostly from the stocks of stores found surplus to the requirements of the Armed Forces.

(b) The book value of the stores is approximately Rs. 1,86,000/-.

(c) Surplus medical stores worth about Rs. 3 lakhs have been given to a number of State Governments for the use of the civil population; expendible stores free and non-expendible stores at 10 per cent. of their book value.

9,580 bottles of Dried Blood Plasma, surplus to the requirements of the Armed Forces, estimated to be of the value of Rs. 1,82 lakhs, were also recently distributed free to the State Governments and the Ministry of Labour, Coal Mines, Dhanbad.

PART 'B' STATES SPECIAL AID INQUIRY COMMITTEE

*466. **Shri Gidwani:** (a) Will the Minister of States be pleased to state whether the Part 'B' States Special Aid Inquiry Committee has submitted its report to Government?

(b) If so, what are the recommendations of the Committee?

(c) Have Government considered them and if so, which of them have been accepted by Government?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) and (c). The recommendations of the Committee are at present under active consideration. The report and the decisions taken by the Government will be published as soon as possible.

OIL TANKER

*467. **Shri Muniswamy:** (a) Will the Minister of Defence be pleased to state whether it is a fact that an ocean going oil tanker (a new ship) has been acquired by our Indian Navy, recently?

(b) What is the name of the ship?

(c) Wherefrom has this new ship been acquired?

(d) What is the capacity of this new oil tanker?

The Minister of Defence Organisation (Shri Tyagi): (a) Yes.

(b) The ship's name is SHAKTI.

(c) From the builders, Messrs. Navalmeccanica of Naples, Italy.

(d) Three thousand and eighty tons.

Shri Muniswamy: May I know the cost of this oil tanker?

Shri Tyagi: The cost is Rs. 48 lakhs excluding Rs. 5 lakhs for modification, spare-parts, etc.

Shri Muniswamy: May I know whether this is the only oil tanker that we have in our country?

Shri Tyagi: I believe it is the only one with the armed services. Well, I am not sure about the whole country.

Shri H. N. Mukerjee: May I know if it is a fact that we shall have no oil tankers of our own to carry the oil which shall be refined in the newly set up refineries in Bombay, to other parts of India, when these refineries get going?

Shri Tyagi: This pertains to a part of the fleet train which comprises of so many ships and the tanker is one of those ships. It is about the Navy and not about the other companies.

I.C.S. AND I.A.S. OFFICERS (SCALES OF PAY)

*468. **Shri Dabhi:** Will the Minister of Home Affairs be pleased to refer to unstarred question No. 459 answered on the 26th August, 1953 and state:

(a) the difference in the scales of pay in respect of the I.C.S. officers and I.A.S. officers; and

(b) whether any of the I.A.S. officers get the same or approximately the same pay as the I.C.S. officers?

The Deputy Minister of Home Affairs (Shri Datar): (a) The time-scales of pay applicable to the Indian Civil Service and the Indian Administrative Service officers are shown separately in Statement I. The pay attached to individual posts above the time-scale, when held by Indian Civil Service and by Indian Administrative Service officers, so far as they have been decided, are shown in Statement II. [*See* Appendix III, annexure No. 3.]

(b) Officers of the State Civil Services who could have been confirmed in permanent listed vacancies in the Indian Civil Service but were not actually so confirmed and were subsequently appointed to the Indian Administrative Service have been allowed to draw the Indian Civil Service scale of pay. In respect of posts remunerated above the time scale, where the pay has not yet been fixed by the Government of India the State Governments have in a few cases allowed the Indian Administrative Services Officers to draw the pay admissible to Indian Civil Service officers holdings such posts. Subject to these exceptions the Indian Administrative Service officers do not get the same pay as the Indian Civil Service officers.

Shri Dabhi: In Statement II it is stated that in respect of the other similar posts carrying special pay or pay above the time scales for Indian Civil Service officers decisions regarding the rates of pay for Indian Administrative Service Officers have not yet been taken. May I know which are the other similar posts?

Shri Datar: The list is fairly large: I cannot give the list here.

Shri Dabhi: When is the decision regarding the special pay likely to be taken?

Shri Datar: Immediately after we receive the replies from the State Governments.

Shri Dabhi: May I know the number of I.C.S. officers at present serving in the Central Government as well as in the State Governments?

Shri Datar: I cannot give that information off-hand.

Shrimati Renu Chakravartty: May I know if any appeal has been made to the Indian Civil Service about lowering their scales of pay according to I. A. S. ....

Mr. Speaker: Order, order. I do not think that question arises.

Shri Nanadas: May I know the last ICS officer appointed and when he is likely to retire?

Shri Datar: I should like to have notice of that question.

WHEREABOUTS OF SERVING PERSONNEL

***469. Shri Punnoose:** (a) Will the Minister of Defence be pleased to state whether the authorities have been able to help the relations concerned in their enquiries regarding the whereabouts of serving personnel?

(b) Did the information given by the authorities in all cases prove to be satisfactory?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes, where sufficient particulars were furnished to facilitate indentification.

(b) The information supplied was satisfactory.

Shri Punnoose: How many such enquiries were made in 1952-53?

Sardar Majithia: The total number from 1951 to 1953 in the Army were 186 for the other ranks. In the case of the Navy there might have been an occasional one, but I am not aware of that. The same holds good for the Air Force.

Shri Punnoose: May I know the average time taken to answer such enquiries?

Sardar Majithia: It is very difficult to give the average time. I have not got the figure. But the information is supplied as soon as possible.

Shri Punnoose: May I know whether there is a particular organisation to answer such enquiries in full and in time?

Sardar Majithia: Yes, there is, in the three Service Headquarters.

HIGH COURT JUDGES

***470. Shri Krishnacharya Joshi:** (a) Will the Minister of States be pleased to state whether certain tentative conclusions reached by the Government of India regarding uniform rules of pensions, leave, travelling allowances etc. of High Court Judges in Part 'B' States have been circulated to the State Governments?

(b) If so, what are their recommendations?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) The proposals have been accepted by all the State Governments except one who have suggested certain modifications.

Shri Krishnacharya Joshi: When will Government finalise these rules?

Dr. Katju: Very soon.

STATE FINANCIAL CORPORATIONS

***471. Shri S. C. Samanta:** Will the Minister of **Finance** be pleased to refer to the answer to Starred Question No. 1256 asked on the 29th April, 1953 and state:

(a) which other State Governments have since set up State Financial Corporations as envisaged in the State Financial Corporations Act, 1951;

(b) what are the authorised and subscribed capitals, separately for each State; and

(c) the amount of transaction by the Punjab Financial Corporation up-to-date?

The Deputy Minister of Finance (Shri A. C. Guha): (a) Besides the Government of Punjab, the Governments of Saurashtra and Travancore-Cochin have established Financial Corporations under the State Financial Corporations Act, 1951.

(b) The authorised capital of both the Corporations has been fixed at Rs, 2 crores, They intend to issue Rs. 1 crore in the first instance.

(c) The State Financial Corporations work under the respective State Governments and the Government of India do not receive returns of this information.

Shri S. C. Samanta: In the last session we were informed that six States were trying to establish State Financial Corporations. May I know why the other four are not establishing them—what are the difficulties experienced by them?

Shri A. C. Guha: Almsot all the States are considering the question of setting up their own financial corporations. The Central Government have sent them a letter to expedite the setting up of these State Financial Corporations and to point out if there are any difficulties. But I cannot say why the other State Governments have not yet started this organisation.

Shri T. N. Singh: In answer to part (c) of this question, the hon, Minister has stated that Government do not know about the transactions of the State Financial Corporation, Punjab. May I know if Government do not consider it as one of their functions to look into, from time to time, the affairs of these State Financial Corporations which are financed partly by the Central Government?

Mr. Speaker: Order, order.

Shri Punnoose: May I know whether any advice is tendered by the Central Government to the States in the matter of establishment of these corporations?

Shri A. C. Guha: As I have already stated we have sent letters to all the State Governments asking them to point out the difficulties, if any, felt by them in setting up the State Finance Corporations.

Shri B. Das: May I enquire if the Reserve Bank exercises control under the Banking Act, or under its own rules and bye-laws on these State Finance Corporations and the Industrial Finance Corporation of the Government of India and there is an attempt at uniformity in all the institutions?

Shri A. C. Guha: These State Corporations have been set up under an Act passed by this House and the Reserve Bank according to that Act is one of the shareholders of that organisation and they have their nominated directors also. In that way the Reserve Bank has certain authority over these organisations and ample opportunity to know the correct position of the working of the organisation.

Shri T. N. Singh: Who audits the accounts of these State Finance Corporations?

Shri A. C. Guha: I would like to have notice. All these are regulated by an Act passed by this House two years ago.

TECHNICAL ASSISTANCE PROGRAMME

***472. Shri Jhulan Sinha:** Will the Minister of **Finance** be pleased to state how far it is a fact that some of the schemes and projects are being postponed for want of funds expected from the Technical Assistance Programme of the United Nations Organisation?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): Capital aid does not form part of the Technical Aid Programme of the United Nations. The Programme is mainly confined to provision of fellowships and scholarships and of the services of experts and ancillary equipment. A few requests in these fields have had to be postponed or withdrawn owing to the curtailment during the current year of the funds made available for the Programme.

Shri Jhulan Sinha: May I know the reason why the assistance has been curtailed?

Shri B. R. Bhagat: I do not know, Sir, it is a matter concerning the U. N. O.

Shri N. M. Lingam: May I know the contribution by India in the current year to this Fund and if there has been any reduction: if so how much.

The Minister of Finance (Shri C. D. Deshmukh): $ 250,000: no reduction.

MEDICINAL HERBS

***474. Th. Lakshman Singh Charak:** Will the Minister of **States** be pleased to state whether any negotiation took place between the Jammu and Kashmir State authorities and the Central Government regarding the development of medical herbs in that State?

The Minister of Home Affairs and States (Dr. Katju): Some time last year a suggestion was made by the former Revenue Minister of Jammu and Kashmir State that the Government of India should encourage the development of medicinal herbs in the State by purchasing only the stocks certified as genuine by the State Forest Department. A reply was sent that the Government of India did not themselves maintain any Unani or Ayurvedic institution by which the herbs could be utilised, but the Government of Jammu and Kashmir were advised to send a list of the herbs available and their prices to the Director General of Health Services and the Director General of Supplies and Disposals. No other negotiations have taken place on the subject.

Th. Lakshman Singh Charak: What was the further progress in the matter?

Dr. Katju: No further progress.

Shri T. N. Singh: Has not the Central Drug Research Institute run by the Government of India at Lucknow made any enquiries into this subject and has it been kept informed of this?

Dr. Katju: I shall mention this fact to the authorities concerned. But I thought they were not herbs maintained for ayurvedic and unani purposes.

Shrimati Kamlendu Mati Shah: Is it true that these herbs can be found in the Himalayas in Tehri Garhwal?

Dr. Katju: I have no doubt, probably it is correct.

Shri Punnoose: Is there any proposal to explore and find out whether such medical herbs are available in other parts of India, for instance Travancore-Cochin?

Dr. Katju: I shall bear that also in mind.

STRATEGIC ROAD IN BIKANER

*475. **Shri Ajit Singh:** Will the Minister of **Home Affairs** be pleased to state:

(a) whether Government received any complaint regarding construction of a strategic road in former Bikaner State near Indo-Pakistan border, by Delhi division of Military Engineering Service and investigated by Delhi Branch of Special Police Establishment; and

(b) if so, what action has been taken by Government on it?

The Deputy Minister of Home Affairs (Shri Datar): (a) Yes.

(b) A Military Court of Enquiry held an enquiry; the accused involved were ultimately exonerated.

Shri Ajit Singh: May I know when the complaint was lodged with the Special Police and when the Special Police completed its final report?

Shri Datar: Those dates are not before me.

Shri Ajit Singh: Who were the officials and contractors involved in this case?

Shri Datar: There were three officials and one contractor. As the accused have been entirely exonerated it would not be in the public interest to give their names.

Shri Ajit Singh: May I know whether it is a fact that the uncompleted portion of the road was built after the complaint was lodged with the Special Police?

Shri Datar: I have no information.

RESIDENCE OF ANDHRA STATE GOVERNOR

*476. **Shri C. R. Chowdary:** (a) Will the Minister of **Home Affairs** be pleased to state whether the grant of Rs. 1,50,000, to furnish the residence of the Andhra State Governor and a further sum for the maintenance of the Governor's staff is on a loan basis or is a free grant?

(b) Is the grant by way of cash?

The Deputy Minister of Home Affairs (Shri Datar): (a) Grants are made on loan basis.

(b) Yes.

Shri C. R. Chowdary: May I know whether the same facilities would be extended to the Secretariat staff there?

Shri Datar: In regard to this Government have already issued the President's Order. It gives all the details.

Shri Muniswamy: May I know whether the whole amount will be spent for movables or whether any amount will be set apart for permanent structures?

Shri Datar: It is for the Governor to decide.

Dr. Lanka Sundaram: The second part of part (a) of the question desires the following information, namely, whether a further sum for the maintenance of the Governor's staff is on a loan basis. Can we have the figures in respect of this?

Shri Datar: These figures have already been given in the government gazette. I would invite the hon. Member's attention to the gazette published on 13th September 1953.

Dr. Lanka Sundaram: In view of the fact that His Excellency the Governor of Andhra State has made a substantial surrender of his salary in view of the low finances of the State, and also in view of the fact that the present capital is a temporary capital, may I know whether

Government have satisfied themselves that this considerable sum of Rs. 1½ lakhs was necessary for furnishing the Raj Bhavan?

Shri Datar: Government find this amount as necessary to be placed at the disposal of the Governor.

ROYALTIES ON MINERALS

*478. **Th. Lakshman Singh Charak:** (a) Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether Government have set up a Committee to go into details regarding the revision of the rates of royalties on Minerals in India?

(b) If so, did the Government take the views of the States before appointing any Committee and which are the States mostly concerned with this?

The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya): (a) Yes, Sir.

(b) The Committee was constituted on the recommendations made by the Mineral Advisory Board at its meeting held on the 7th August 1953. The representatives of State Governments were present at this meeting.

Th. Lakshman Singh Charak: May I know if all the States agreed with the view-point that the rate of royalty be increased?

Shri K. D. Malaviya: Yes, Sir, that was the general opinion.

Shri M. D. Ramasami: May I know whether the revision will affect the existing contracts of foreign firms which are doing this mining business now?

Shri K. D. Malaviya: Obviously, when the rates are revised it will be for everybody.

FOREIGN LANGUAGES SCHOOL

*479. **Th. Lakshman Singh Charak:** (a) Will the Minister of **Defence** be pleased to state whether the School of Foreign languages is exclusively meant for Government employees?

(b) How many persons were studying in the School in September, 1953?

(c) How many persons have so far studied since it was started?

(d) Can a copy of the rules and regulations of the School be laid on the Table of the House?

The Minister of Defence Organisation (Shri Tyagi): (a) Normally only Government servants are eligible for admission, but a limited number of those not in Government employ are also admitted, subject to the availability of seats.

(b) 325.

(c) 1544.

(d) A copy of the prospectus of the School is laid on the Table of the House. [*Copy placed in the Library, See* No. S. 183/53.]

Th. Lakshman Singh Charak: May I know the number of private citizens in this School in September 1953?

Shri Tyagi: I am sorry I have not got the break-up of the students at present.

Th. Lakshman Singh Charak: May I know if the Government will kindly consider the desirability of fixing a certain percentage of the total enrolment for private citizens of India?

Shri Tyagi: The hon. Member wants more private citizens to be coming to this School. I would submit it will not be possible for us to arrange that.

Shri N. M. Lingam: May I now the languages taught in the School?

Shri Tyagi: At present French, German, Chinese, Persian, Arabic and also Russian are taught, and it is the intention to start Japanese, Burmese and Tibetan languages for which advertisement has been made for lecturers.

WELFARE OF SCHEDULED CASTES

*480. **Shri Nanadas:** Will the Minister of **Home Affairs** be pleased to state:

(a) the amount so far spent out of Rupees four crores set apart for the welfare of Scheduled Castes by the Central Government under the Five Year Plan; and

(b) for what purposes it has been spent?

The Deputy Minister of Home Affairs (Shri Datar): (a) The sum of Rupees four Crores set apart by the Central Government is intended for the amelioration of the Backward Classes including the Scheduled Castes and ex-Criminal Tribes but excluding the Scheduled Tribes and the Scheduled areas for which provision has been made under Article 275 of the Constitution. Out of these four crores a sum of Rs. 50 lakhs has been earmarked during the year 1953-54 to be given as grants in aid to State Government to supplement the amounts expended by them on the welfare of Scheduled Castes. The Government are also considering the question of placing some funds directly at the disposal of certain All India organizations for intensive propaganda for the abolition of untouchability specially in the rural areas of the country.

(b) Except in a very few cases, the State Governments and the Organisations who have been asked to formulate schemes showing how the funds will be expended by them have not yet submitted the schemes.

Shri Nanadas: May I know whether any amount out of this will be spent for resettlement of landless agricultural people?

Shri Datar: Mostly the amount will be spent for propaganda in connection with the removal of untouchability. But in the case of Part B and Part C States it would be used also for housing schemes and for digging of wells.

Shri K. K. Basu: May I know what portion of this Rs. 50 lakhs so earmarked has actually been spent so far?

Shri Datar: It has not yet been spent.

Shri C. R. Chowdary: May I know whether there is any control on the expenditure of these amounts allotted to various institutions?

Shri Datar: The State Governments will exercise due control, and there will be proper auditing of the accounts also.

Shri Veeraswamy: May I know the names of the all-India organisations which have come forward to take up the work of abolishing untouchability in the rural areas?

Shri Datar: I gave the names only the other day in this very House.

Shri M. D. Ramasami: May I know what portion of this amount will be spent for the education of backward classes?

Shri Datar: This has nothing to do with backward classes; this is for Scheduled Castes. For backward classes Rs. 20 lakhs has been separately set apart.

EXCISE CIRCLE FOR ANDHRA

*481. **Shri Nanadas:** (a) Will the Minister of **Finance** be pleased to state how many Central Excise Circle offices are there in the Andhra State?

(b) Is there any proposal to have a separate Central Excise Collectorate for the Andhra State?

The Deputy Minister of Finance (Shri A. C. Guha): (a) There are at present 23 Central Excise Circle Offices in Andhra State.

(b) No Sir.

TREND OF PRICES

*482. **Shri Nanadas:** (a) Will the Minister of **Finance** be pleased to state whether the price movement is showing an upward trend?

(b) If so, what are the reasons for it?

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): (a) The price movement is not showing an upward trend; on the contrary since about the end of August, 1953, the wholesale price index has been declining.

(b) Does not arise.

Shri Nanadas: May I know the steps taken by the Government to check the upward trend in prices?

Mr. Speaker: Are the prices going up?

Shri Nanadas: What steps have been taken by the Government for this downward trend to come?

Mr. Speaker: The point is, can the Government say what steps they took to bring about this downward trend in prices?

Shri B. R. Bhagat: It is the cumulative effect of all the economic policies of the Government of India.

Mr. Speaker: Let us go to the next question.

Shri Punnoose: One question, Sir.

Mr. Speaker: We go to the next question.

MADHYA BHARAT UNIVERSITY

*483. **Shri Radhelal Vyas:** (a) Will the Minister of **Education** be pleased to state whether it is a fact that he assured a delegation of M.Ps. from Madhya Bharat and the Chief Minister of Madhya Bharat that the question of location of the proposed Madhya Bharat University headquarters would be decided by the Madhya Bharat State and that the Union Government would not interfere in the matter?

(b) If so, does the assurance still stand?

(c) Was the assurance communicated to the Experts Committee appointed to consider the establishment of new Universities?

The Deputy Minister of Natural Resources and Scentific Research (Shri K. D. Malaviya): (a) to (c). Yes, Sir.

Shri Radhelal Vyas: May I know whether Government is aware that the Madhya Bharat Government and Madhya Bharat Assembly had already decided in 1950 to locate the Madhya Bharat University at Ujjain?

منسٹر آف ایجوکیشن اینڈ نیچرل ریسورسیز اینڈ سائنٹیفک ریسرچ (مولانا آزاد) : گورنمنٹ کو یہ معلوم ہوا کہ اسمبلی میں ایک بل پیش کیا گیا ہے یونیورسٹی قائم کرنے کے لئے - اس لئے گورنمنٹ نے اسکی ضرورت سمجھی کہ ایک ایکسپرٹ کمیٹی بٹھائی جائے اور وہ معلوم کرے کہ کیا وہاں کی حالت ایسی ہے کہ ایک نئی یونیورسٹی قائم کی جائے اگر کی جائے تو وہ اس طرح کی یونیورسٹی ہو اور اسکے لئے کتنے خرچے کی ضرورت ہے - چنانچہ کمیٹی بٹھائی گئی اور اسکی رپورٹ ملگئی - رپورٹ اسٹیٹ گورنمنٹ کو بھیج دی گئی ہے -

[**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** Government have learnt that a Bill for the setting up of a University has been presented in the Assembly. Therefore, it was considered necessary to constitute an expert committee to examine whether the conditions there justify the setting up of a new University and if so, to suggest the nature of this University and estimate the expenditure that would have to be incurred. The Committee has sent its report which has been forwarded to the State Government.]

श्री राधेलाल व्यास : क्या में यह जान सकता हूं कि यनिवरसिटि का स्थान तै करने के लिये मध्यभारत गवर्नमेंट और वहां की असेम्बली स्वतन्त्र रहेगी ?

مولانا آزاد : یقیناً انکو پورا اختیار ہے -

[**Maulana Azad:** Certainly they have full authority.]

श्री राधेलाल व्यास : क्या में यह जान सकता हूं कि इस कमेटी की रिपोर्ट अभी तक पबलिश की गयी है या नहीं । और अगर नहीं की गयी है तो क्या उस की एक कापी हाउस की टेबिल पर रखी जायगी ।

مولانا آزاد : چھپ گئی ہے - اور پارلیامینٹ لائبریری میں اسکی ایک کاپی موجود ہے -

[**Maulana Azad:** It has been published and a copy is lying in the Parliament Library.]

श्री राधेलाल व्यास : क्या में यह जान सकता हूं कि यह जो कमेटी कायम की गयी थी इस ने एक ही दिन की मीटिंग में अपनी रिपोर्ट दे दी है या कि इसने मध्यभारत में जाकर वहां के हालत का भी अध्ययन किया ?

Mr. Speaker: Order, order.

श्री जांगड़े : क्या सरकार को ज्ञात है कि मध्यभारत के किसी महाराजा ने विश्व विद्यालय स्थापित करने के लिये एक करोड़ रुपये का अनुदान दिया है ?

مولانا آزاد : گورنمینٹ کے سامنے باقاعدہ یہ بات نہیں' آئی ہے - لیکن میں ضرور آئی ہے -

[**Maulana Azad:** We have heard of it, but no final intimation has been received.]

Mr. Speaker: Next question.

Shri Radhelal Vyas: One question, Sir.

Mr. Speaker: I am going to the next question. 484.

Shri Radhelal Vyas: May I submit that this question was answered on the floor of the Assembly in Madhya Bharat?

Mr. Speaker: Whatever it may be, this is not the occasion for contradiction and argument. Next question.

HIGH POWER COMMISSION (ORDNANCE FACTORIES)

***484. Shri H. N. Mukerjee:** Will the Minister of **Defence** be pleased to state whether the proposed High Power Commission to examine the possibilities of utilising the idle capacity of Ordnance Factories for producing articles for the other Ministries of the Government of India and State Governments has been set up as promised in the Prime Minister's reply to the debate on the Demands for Grants under the Ministry of Defence this year?

The Deputy Minister of Defence (Shri Satish Chandra): The personnel of the Committee has been selected and Government hope to make an announcement very shortly. Sardar Baldev Singh will be the Chairman of the Committee and the names of the other members will be made public soon. The delay in the setting up of the Committee has been due to the fact that a number of persons who were approached found it difficult to spare the necessary time for the work involved and invitations had, therefore, to be issued to others.

Shri H. N. Mukerjee: May I know if the Government has included in the Commission representatives of the workers actually employed in these Ordnance factories or those who have enjoyed the confidence of the workers and are acquainted with the working of these factories?

Shri Satish Chandra: This Committee will cover the technical field in order to explore the possibilities of making the maximum possible use of the plant and machinery in the ordnance factories. The workers' representatives will surely be consulted by the Committee if necessary.

Shri H. N. Mukerjee: May I know the reasons why the experience of the actual workers in regard to the utilisation of the plants is sought to be ignored, comparatively speaking, in the appointment of this Commission?

The Prime Minister (Shri Jawaharlal Nehru): There is no question of ignoring their experience. The problem is one of coordinating the activities of the various Ordnance factories with civil production. It is not merely a question of improving the production of one factory, in which, of course, the workers' experience would be very valuable. In this task of examining their working and bringing in the civil element in it, if I may say so, apart from the workers, even the managers are not good enough by themselves. They can be consulted. An overall view has to be taken. So, outsiders are going to be appointed including technical Advisers who will consult the workers, managers and others.

Dr. Ram Subhag Singh: May I know whether Government is in a position to give to this House the extent of the idle capacity of the Ordnance factories?

Shri Satish Chandra: It differs from factory to factory.

Dr. Ram Subhag Singh: Total.

The Minister of Defence Organisation (Shri Tyagi): There is no specific measure to convey the surplus capacity.

Dr. Ram Subhag Singh: Orally.

Mr. Speaker: We go to the next question.

REPRESENTATIONS BY GOVERNMENT SERVANTS

***485. Shrimati Renu Chakravartty:** (a) Will the Minister of **Home Affairs** be pleased to state under what rules has the procedure regarding the submission of representations of the grievances by the subordinate staff in Central Government offices to the higher authorities been defined?

(b) Is there any time limit defined in these rules within which these representations have to be forwarded to the authorities to whom they have been addressed?

(c) If not, what is the remedy in such cases of undue delay?

The Deputy Minister of Home Affairs (Shri Datar): (a) This matter is governed by executive instructions and long-established practice. Copy of the relavant instructions issued in 1952 is placed on the Table of the House. [*See* Appendix III, annexure No. 4].

(b) As the time taken in dealing with and the forwarding of a representation must depend upon its nature and contents, it is not feasible to lay down any specific time limit to cover all cases.

(c) It is the duty of the higher authorities to see that no delay occurs in dealing with and the forwarding of a representation. Besides, if such delay occurs, it is open to the aggrieved persons directly to seek the intervention of the higher authorities.

Shrimati Renu Chakravartty: May I know what the hon. Minister means by delays, when there is no categorical statement as to what delays mean. There is no time limit at all in the executive orders.

Shri Datar: It is not considered possible to lay down any time limit. Ordinarily, we receive all these representations in time.

Shrimati Renu Chakravartty: Is it a fact that in many cases, representations have been held over for periods of six months or even a year?

Shri Datar: No, Sir. They have not been held over for such long periods.

Shrimati Renu Chakravartty: In the statement which has been given to me it is stated that it is regarded as an objectionable practice to send representations to Members of Parliament. May we know what is the reason, considering that we are the elected representatives of the people?

Shri Datar: This question does not directly arise out of the question. But, the matter has been answered twice by the then Home Ministers and sending of representations to Members of Parliament is deprecated.

Shrimati Renu Chakravartty: May we know what is the reason behind it considering that we have been told that we are entitled to represent their economic, social and political demands of the people?

Mr. Speaker: We are entering into an argument.

The Minister of Home Affairs and States (Dr. Katju): May I intervene and point out, Sir, that the assistance of hon. Members here is extremely useful on general questions of policy. But, so far as individual cases are concerned, probably my friend will agree with me that it is not desirable.

Shrimati Renu Chakravartty: May we know when this executive order was issued? Was it during the British times or has it been since modified.

Shri Datar: They were first issued in 1939 and they have been brought up to date.

Shrimati Renu Chakravartty: May I know whether any amendment has been made since them and which are those amendments?

Dr. Katju: I shall see to it that the hon. Member's intention is carried out in accordance with my capacity.

Mr. Speaker: Next question.

DEFENCE SERVICES STAFF COLLEGE

***486. Shrimati Renu Chakravartty:** (a) Will the Minister of **Defence** be pleased to state whether it is a fact that 8 foreign officers are attending this year's Defence Services Staff College Course in Wellington?

(b) If so, what is the nationality of each?

The Minister of Defence Organisation (Shri Tyagi): (a) Yes, but their number is 9 and *not* 8.

(b) There are four officers from the U.K., two from Burma and one each from U.S.A., Australia, and Canada.

Shrimati Renu Chakravartty: Is it proposed that after completing the course, they will be taken into the Indian army?

Shri Tyagi: No, Sir. These officers belong to foreign armies. They cannot be retained in our army.

Shri N. M. Lingam: May I know the total number of officers receiving training, the number of Instructors and the number of foreigners among the Instructors?

Shri Tyagi: 93 officers are getting training. I am sorry, about Instructors I have not got the figures ready.

Shri K. K. Basu: May we know whether it is intended that these foreign officers, after training, will be associated with our army in any way?

Shri Tyagi: These are officers who have, mostly on a reciprocal basis, come here for receiving training. They get the training and go back just as our officers go to foreign countries, and after receiving training come back. This is a training institution for giving training.

Shrimati Renu Chakravartty: We take that when they go back to their own countries, they use what they have learnt here for their armies and not for ours.

Shri Tyagi: I think, yes. They go back and utilise the knowledge gained here in their countries just as our officers go there, and utilise the knowledge gained there in our country.

Mr. Speaker: The Question hour is over.

WRITTEN ANSWERS TO QUESTIONS

BOMBAY NAVAL DOCKYARD CASE

***449. Shri V. P. Nayar:** Will the Minister of **Defence** be pleased to state whether the attention of Government has been drawn to a news feature in the "Current" weekly dated the 30th September, 1953 published from Bombay, at page 10 under the caption "Union Deputy Minister's son acquitted" and state:

(a) whether it is a fact that the court has passed strictures against an Assistant Naval Stores Officer working in the Naval Dockyard, Bombay; and

(b) if so, what were the strictures and what action, if any, Government have taken on them?

The Deputy Minister of Defence (Shri Satish Chandra): Government have seen the news item published in the Current Weekly on the 3rd October 1953 (and not on the 30th September 1953 as stated in the question).

(a) No, Sir.

(b) Does not arise.

WASTE MICA

***458. Ch. Raghubir Singh:** (a) Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether it is a fact that some experiments are being done for the utilization of waste mica?

(b) Are Government in a position to meet the internal demands for insulating bricks made out of this waste mica?

(c) If so, what amount of money is saved thus in the purchase of raw materials imported for these bricks?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) Yes, Sir.

(b) Precise information regarding India's requirements of vermiculite bricks is not available, but it is anticipated that the demand can be met by mica bricks.

(c) Mica bricks are expected to be cheaper than vermiculite bricks. Vermiculite is stated to be imported at a cost of about Rs. 500 per ton, but exact figures of imports are not available.

SURVEY TRAINING SCHOOL, DEHRA DUN

***459. Ch. Raghubir Singh:** Will the Minister of **Natural Resources and Scientific Research** be pleased to state what is the annual expenditure on the Survey Training School at Dehra Dun?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): The expenditure incurred on training officers at Dehra Dun for the past 3 years was:

	Rs.
1950-51	2,05,000
1951-52	2,01,200
1952-53	2,16,300

P.W.D., PEPSU

***462. Shri A. N. Vidyalankar:** Will the Minister of **States** be pleased to state:

(a) whether it is a fact that an enquiry into allegations of corruption, in the P.W.D., PEPSU, had been instituted by the Ministry of that State, prior to the introduction of President's rule in that State;

(b) whether it is a fact that this enquiry was entrusted to another officer after the advent of the President's rule; and

(c) the stage at which this matter stands at present?

The Minister of Home Affairs and States (Dr. Katju): (a) Yes.

(b) Yes.

(c) The Enquiring officer has completed the enquiry in one case and his report is expected shortly. He is collecting the records in other cases and will submit his report as soon as this is completed.

DELIMITATION OF CONSTITUENCIES IN TRAVANCORE-COCHIN

*473. **Shri N. Sreekantan Nair:** Will the Minister of **Law** be pleased to state when the delimitation of Constituencies in Travancore-Cochin is expected to be completed?

The Minister of Law and Minority Affairs (Shri Biswas): The delimitation of constituencies in Travancore-Cochin is expected to be complete by the first week of December, 1953.

SMUGGLING OF COTTON

*477. **Shri Madhao Reddi:** Will the Minister of **Finance** be pleased to state whether it is a fact that large scale smuggling of cotton yarn from India to Pakistan is going on on the Eastern Border?

The Deputy Minister of Finance (Shri A. C. Guha): The indications are that on certain sectors of the border with East Pakistan of late there has been increased smuggling of cotton yarn from India to Pakistan.

RECOVERY OF INCOME-TAX

*487. **Shri B. K. Das:** Will the Minister of **Finance** be pleased to state:

(a) how many income-tax cases were referred for recovery under the Public Demand Recovery Act during the year 1952-53;

(b) the total amount involved;

(c) how many of these cases were disposed of during the year; and

(d) the total amount involved in the disposed of cases?

The Deputy Minister of Finance (Shri M. C. Shah): (a) Rs. 27,530.

(b) Rs. 25,08,25,029.

(c) Rs. 4,881.

(d) Rs. 1,13,54,960.

These figures do not include the figures for the States of Assam and Tripura, which are not available.

'TYAGI FORMULA'

*488. **Shri Bhagwat Jha:** Will the Minister of **Defence** be pleased to state what are the main features of the 'Tyagi Formula' in regard to the new pension code for officers of the Defence Services?

The Deputy Minister of Defence (Sardar Majithia): This formula governs the revised rates of service pension for personnel of the three Services below commissioned rank (including JCOs of the army), which were introduced from the 1st June 1953, as part of a New Pension Code for such personnel. The main features of the formula are:

(i) *Ad-hoc* rates of pension have been prescribed for a minimum qualifying colour service of 15 years, for each rank and for each trade group in the same rank.

(ii) For each additional year of qualifying service beyond 15 years, an increment in the rate of pension has been prescribed instead of flat rates of pension previously given for blocks of years of service. The rate of annual increment varies with the rank.

(iii) As far as possible uniformity in the rates of pension has been ensured among the three Services, on the basis of comparable rates of pay.

जापान में भारतीय कला प्रदर्शनी

*४८९. **श्री रघुनाथ सिह :** क्या शिक्षा मंत्री यह बतलाने की कृपा करेंगे :

(क) क्या यह सच है कि जापान में एक भारतीय कला प्रदर्शनी आयोजित की गई थी और उस का उद्घाटन जापान के प्रधान मंत्री द्वारा किया गया था ;

(ख) यदि हां, तो जापान के किन नगरों में उक्त प्रदर्शनी का आयोजन किया गया था ; तथा

(ग) उक्त प्रदर्शनी का जापान की जनता पर क्या प्रभाव पड़ा है ?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) Yes.

(b) Tokyo and Osaka.

(c) The exhibition has left a very good impression on the Japanese people.

LAMBUS OF MANIPUR

***490. Shri Rishang Keishing:** Will the Minister of **States** be pleased to state:

(a) where and how the 'Lambus' are generally employed by the Government of Manipur; and

(b) whether it is a fact that Lambus are empowered to try cases, both civil and criminal, in the Courts of the Sub-divisional Officers in the hill areas of Manipur?

The Minister of Home Affairs and States (Dr. Katju): (a) Lambus are generally employed in the hill areas of Manipur extending over nearly 7500 square miles. There is no police force in this area and the 'Lambus' carry out the duties of the police and act as messengers or peons of the State; they act as interpreters to the hill courts and the officers in charge of the administration of the hill areas. They also count the number of houses every year in their respective areas for purpose of assessing House Tax. They hold a peculiar position of trust and dignity and wield authority among the hillmen.

(b) No.

N.C.C. (GIRLS DIVISION)

***491. Shri Rishang Keishing:** Will the Minister of **Defence** be pleased to state:

(a) whether it is a fact that Government are actively considering proposals to expand the girls division of the National Cadet Corps; and

(b) if reply to part (a) above be in the affirmative, when the proposal will be finalised and to what extent it will be expanded?

The Deputy Minister of Defence (Shri Satish Chandra): (a) Yes.

(b) Since a major portion of the expenditure on the raising and maintenance of N.C.C. units has to be borne by the State Governments, the raising of the new units of the Girls Division largely depends on the necessary funds being made available by the States for this purpose.

MILITARY BASE NEAR DAKSHINESWAR TEMPLE

***492. Shri Ramananda Das:** (a) Will the Minister of **Defence** be pleased to state whether Government have received any representation from the public of Dakshineswar of the 24 Parganas District of West Bengal about the objection to the proposed military base near Dakshineswar Temple?

(b) If so, what action have Government taken to redress public grievances?

(c) Is it also a fact that the proprietors of the requisitioned land have not yet received their dues or compensation nor have lands been returned to the owners?

(d) How long will Government take to settle the dues and to return the lands to the original land holders?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes, Sir.

(b) The proposals have been revised with a view to removing their objectionable features.

(c) and (d). Recurring compensation for the requisitioned land has been paid to the owners upto 30th June 1952 and payments for the subsequent period are being arranged by the Collector concerned. The requisitioned land, not required by the Government of India is being used by the

West Bengal Government for accommodating displaced persons from East Bengal and the question of release of the land to original land holders will mainly depend on how soon the displaced persons are moved out of the land.

EXCISE DUTY ON TOBACCO

***493. Seth Achal Singh:** (a) Will the Minister of **Finance** be pleased to state what amount of tobacco was cultivated and in how many bighas, during the past three years in Agra District?

(b) How much amount was realised as excise duty on it?

The Deputy Minister of Finance (Shri A. C. Guha): (a) and (b). A statement giving the required information is laid on the Table of the House. [*See* Appendix III, annexure No. 5.]

NAGA NATIONAL COUNCIL

***494. Shri Kasliwal:** Will the Minister of **Home Affairs** be pleased to state whether some of the leaders of the Naga National Council have been indulging for some time now in anti-State and anti-Indian propaganda?

The Minister of Home Affairs and States (Dr. Katju): Yes, Sir.

ELECTION DISPUTES

***495. Dr. N. B. Khare:** Will the Minister of **Law** be pleased to state whether it is a fact that the Solicitor General of India has appeared for a Petitioner in the Supreme Court for Special Leave against the decision of an Election Tribunal?

The Minister of Law and Minority Affairs (Shri Biswas): Yes.

LAWRENCE SCHOOL, LOVEDALE

***496. Shri N. M. Lingam:** (a) Will the Minister of **Education** be pleased to state the number of pupils of the Lawrence School, Lovedale, sent up for the Junior Cambridge and Cambridge School Certificate examinations during each of the last three years and the number who passed in each examination?

(b) Who are the inspecting officers of the School?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 6.]

AMERICAN WHEAT LOAN

***497. Shri K. K. Basu:** (a) Will the Minister of **Finance** be pleased to state the total amount of interest paid so far on American Wheat Loan?

(b) How was it paid?

(c) What is the rate at which interest is calculated?

The Minister of Finance (Shri C. D. Deshmukh): (a) $4,656,736·96 upto the half year ended 30th June, 1953.

(b) Payment was made in dollars from the cash balances of the India Supply Mission, Washington.

(c) The interest is 2½ per cent. per annum.

LOAN TO HYDERABAD FOR TUNGABHADRA PROJECT

***498. Shri Vittal Rao:** Will the Minister of **Finance** be pleased to state:

(a) whether the Government of Hyderabad have asked for loan during October 1953 to carry out the development plans in connection with Tungabhadra (Irrigation) Project in accordance with Five Year Plan; and

(b) if so, the amount asked for and the amount sanctioned?

The Minister of Finance (Shri C. D. Deshmukh): (a) Yes, Sir.

(b) A payment, on account, of rupees one crore was asked for and has been sanctioned.

AMBARNATH ORDNANCE FACTORY

***499. Sardar A. S. Saigal:** (a) Will the Minister of **Defence** be pleased to state whether it is a fact that about three thousand ordnance employees of Ambarnath Ordnance Factory and Machine Tools and Prototype Factory were on strike during the second week of November, 1953?

(b) What was the cause of the strike?

The Deputy Minister of Defence (Shri Satish Chandra): (a) Early on the 8th November the majority of the industrial employees of Ordnance Factory Ambarnath resorted to a sit-down strike which continued throughout the day. Approximately 10 per cent. continued with their normal duties. The strike spread to the Machine Tool Prototype Factory, Ambarnath later on the same day and to the Technical Development Establishment on the next day. The sit-down strike continued on the 9th of November and as the situation showed no improvement, a lock-out was declared from the 10th of November.

(b) The lock-out was lifted on an undertaking given on behalf of the Federation of Defence Employees.

(i) that the employees were anxious to come to the factory and work;

(ii) that they agreed to abide by all the rules and regulations of the factory; and

(iii) that the Federation and the Union promised that they would use all the influence they possess to see that in future there will be no unauthorised stoppages and interruptions in the normal work.

On these assurances being given it was agreed that Shri R. M. Chatterjee would be given earned leave so that he might represent regarding his transfer to the higher authorities. The lock-out was then lifted.

TAX CLAIM AGAINST DELHI ELECTRIC SUPPLY AND TRACTION COMPANY

***500. Shri Bansal:** Will the Minister of **Finance** be pleased to state:

(a) the decision of the London Court of Appeal on the action by the Government of India concerning a tax claim against the Delhi Electric Supply and Traction Company; and

(b) the amount of tax involved?

The Minister of Finance (Shri C. D. Deshmukh): (a) The decision is that the appeal is rejected with costs.

(b) It is Rs. 16,21,966.

GARHWAL REGIMENT IN KOREA

246. Shrimati Kamlendu Mati Shah: Will the Minister of **Defence** be pleased to state:

(a) whether any Garhwal Regiment has been sent to Korea on the Custodian Force; and

(b) the number and rank of the commissioned and non-commissioned officers in the Custodian Force?

The Minister of Defence Organisation (Shri Tyagi): (a) Yes; 3 Garhwal Rifles.

(b) The strength of the Custodian Force in Korea is as follows:—

(i)	Officers	..	168
(ii)	JCOs	..	196
(iii)	NCOs	..	825
(iv)	ORs	..	4696
	TOTAL	..	5885@

@ Includes 66 Base Accounts personnel.

I.C.S. AND I.A.S. OFFICERS

247. Shri V. P. Nayar: (a) Will the Minister of **Home Affairs** be pleased to state whether the Government of India are maintaining an All-India Seniority List of I.C.S. and I.A.S. officers?

(b) Do Government also maintain a seniority list of the Secretaries, Deputy Secretaries, Under Secretaries and Assistant Secretaries?

(c) Is promotion from one grade to the other grade based on the All-India Seniority List or the seniority in a particular Ministry?

The Deputy Minister of Home Affairs (Shri Datar): (a) No.

(b) No.

(c) Promotion from one grade to another is by selection from among officers of requisite experience belonging to All India and other Services.

I.A.S. AND I.P.S. OFFICERS IN RAJASTHAN

248. Shri Karni Singhji: Will the Minister of **Home Affairs** be pleased to state:

(a) the strength of I.A.S. and I.P.S. officers in Rajasthan;

(b) the total number of officers selected for I.A.S. and I.P.S. from amongst those already serving in the State;

(c) whether the vacancies in I.A.S. and I.P.S. services after fixation of the existing officers in the State in these cadres have since been filled up; and

(d) whether the scales of pay of the I.A.S. and I.P.S. have been made applicable to the officers selected for these cadres?

The Deputy Minister of Home Affairs (Shri Datar): (a) There are at present 32 Indian Administrative service and 24 Indian Police Service officers serving in Rajasthan.

(b) Indian Administrative Service 11.

Indian Police Service 5

(c) Some of these vacancies have been filled by Emergency Recruitment and on the results of the Competitive Examinations during the last few years. The remaining vacancies will be filled partly from the future Competitive examinations and partly by further appointments of the officers already in the state Services.

(d) Yes; in respect of officers appointed to the Indian Administrative Service and the Indian Police Service.

MARSHY LAND IN UDAIPUR

249. Shri Biren Dutt: Will the Minister of **States** be pleased to state:

(a) whether reclamation work of various marshy land in Udaipur Division has begun;

(b) whether the investigation regarding the provision of two sluice gates in the said area proved successful; and

(c) if so, what actual steps are being taken for the construction of these gates?

The Minister of Home Affairs and States (Dr. Katju): (a) No. The Irrigation Officer from Assam who visited the area has suggested that an exploratory survey should first be undertaken before reclamation work can be started. The survey will be taken up shortly.

(b) In view of the position stated in (a) above, no investigation has so far been made.

(c) Does not arise.

ARTIFICIAL RAIN-MAKING

250. Shri S. C. Samanta: (a) Will the Minister of **Natural Resources and Scientific Research** be pleased to state whether India is exchanging information with other Commonwealth countries which are conducting experiments in artificial rain-making?

(b) If so, what is the information despatched and received?

(c) Are any other methods being experimented upon than the one done in Calcutta?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) to (c). A statement giving the required information is laid on the Table of the House. [*See* Appendix III, annexure No. 7].

SERVICES RULES IN PEPSU

251. Shri Ajit Singh: Will the Minister of **States** be pleased to state:

(a) whether Government propose to frame or have framed recruitment conditions of service rules for all services under the PEPSU Government; and

(b) whether any of these rules have been finalized?

The Minister of Home Affairs and States (Dr. Katju): (a) and (b). The Government of PEPSU have already framed rules for recruitment to the Patiala Union Administrative Service, the Secretariat Services, the PEPSU Legislative Assembly Secretariat, the Patiala Union (Gazetted Industries) Service Class II, the office of the Legal Remembrancer, the PEPSU Jails Service and the PEPSU Police Clerical Service. In regard to the recruitment of subordinate revenue officials like Patwaris, Tahsildars etc., Superintendents, Deputy Superintendents and Assistant Superintendents of Jails, and members of the PEPSU Police force, the State Government have adopted the rules in force in the adjoining State of Punjab. The rules for the remaining services are under preparation and will be issued by the State Government as soon as possible.

ORDNANCE FACTORIES

252. Th. Lakshman Singh Charak: (a) Will the Minister of **Defence** be pleased to state how many Ordnance Factories are working at present?

(b) Are these factories manufacturing other materials excluding Defence requirements which are sold to civilians?

(c) If so what are the materials manufactured in these factories?

(d) How many persons are working in each of these ordnance factories?

The Deputy Minister of Defence (Shri Satish Chandra): (a) 20.

(b) Yes; to the extent surplus capacity is available after meeting the Defence requirements and orders can be obtained for the employment of such capacity.

(c) A statement showing more important articles manufactured in Ordnance Factories during the last three years for Government Departments, trade concern, and private parties is placed on the Table. [*See* Appendix III, annexure No. 8]

(d) A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 9].

VOYAGE ALLOWANCE

253. Shri Nanadas: (a) Will the Minister of **Defence** be pleased to state whether any allowance during voyage was being paid to the naval personnel when on board the ship?

(b) What were the reasons for paying such an allowance?

(c) Is it being continued now?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes.

(b) Expatriation allowance to Naval personnel serving *ex*-India is paid on the analogy of a similar allowance to Army personnel serving outside India. The areas in which it is admissible are as follows:—

- (i) East of line—20°45'N longitude 92°21' South to latitude 15°N then East to longitude 95°E thence due South to the Equator.
- (ii) South of the Equator.
- (iii) West of the meridian of 60°E as far South as the Equator.

The above mentioned ocean areas are outside the limits within which Indian Naval ships usually cruise and exercise in the course of their normal duties.

(c) Yes.

M.E.S. EMPLOYEES

254. Shri H. N. Mukerjee: Will the Minister of **Defence** be pleased to state:

(a) the number of M.E.S. Employees. industrial and non-industrial, as on the

1st October, 1953:—

(i) whose pay has not yet been fixed in the prescribed scales of pay;

(ii) who have not been granted annual increments for more than three years;

(iii) who have not been granted annual increment for more than one year; and

(b) the steps Government propose to bring the records up to date and clear the arrears?

The Deputy Minister of Defence (Sardar Majithia): (a)—

(i) 4,149
(ii) 2,850.
(iii) 887.

Separate figures in respect of Industrial and Non-Industrial Staff are not readily available. These are being collected and will be laid on the table of the House in due course.

(b) Continuous efforts are being made to obtain records from Pakistan of personnel who served in areas now in Pakistan. The affected personnel have also been advised to produce collateral evidence for provisional fixation of their pay. Extra staff has been engaged for completion of records and early settlement of claims.

TIGER MOTH CRASH

255. Shri Viswanatha Reddy: (a) Will the Minister of **Defence** be pleased to state whether it is a fact that a Tiger Moth belonging to the Air Force Academy, Hyderabad, crashed on the 24th September, 1953?

(b) If so, what are the reasons for this mishap?

The Minister of Defence Organisation (Shri Tyagi): (a) A Tiger Moth belonging to the Air Force Academy, Hyderabad was involved in an accident at Begumpet on the 24th September, 1953. The accident took place while the pupil pilot Flight Cadet Syed Amir was practising a solo exercise of circuits and landings and I am glad to inform the House that the Cadet was not injured.

(b) The report of the Court of Enquiry is awaited.

VIJAYA MANDAL (MADHYA BHARAT)

256. Shri V. G. Deshpande: (a) Will the Minister of **Education** be pleased to state whether the building known as Vijaya Mandal in Bhilsa in Madhya Bharat is being used as a mosque?

(b) Do Government propose to take steps to stop this?

The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): (a) Yes.

(b) No; because it was already being used as a mosque when it was taken over by the Department of Archaeology and the Department does not interfere with established usages and rights.

SCIENTIFIC ADVISER, MINISTRY OF DEFENCE

257. Shri K. C. Sodhia: (a) Will the Minister of **Defence** be pleased to state the scales of pay of officers on the staff of Scientific Adviser to the Ministry of Defence?

(b) What increase in their strength is likely next year?

The Deputy Minister of Defence (Shri Satish Chandra): (a) Scientific Adviser (Scale Rs. 2,000—100—2,500).
(The present incumbent is working in an honorary capacity).

Deputy Chief Scientific Officer (Army). (Scale Rs. 1,300—60 --1,600—100—1,800).

Registrar. (Scale Rs. 900—50—1,150).

Senior Scientists. (Scale Rs. 600—40—1,000—50/2—1,150).

Junior Scientists. (Scale Rs. 275—25—500).

(b) One Principal Scientific Officer (P.S.O.) (Rs. 1,000—50—1,400) for Naval work, two Senior Scientists and 12 Junior Scientists are under recruitment. One more Principal Scientific Officer for Air Force work, two Senior Scientists and 6 Junior Scientists are expected to be recruited next year.

[illegible] Dated.....25.11.2[illegible]

THE
PARLIAMENTARY DEBATES
(Part II—Proceedings other than Questions and Answers)
OFFICIAL REPORT

HOUSE OF THE PEOPLE

Tuesday, 1st December, 1953

The House met at Half Past One of the Clock

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

2-30 P.M.

LEAVE OF ABSENCE

Mr. Speaker: I have to inform the hon. Members that I have received the following letter from Shri Banerjee:

> "I have been suffering from blood-pressure and have been advised by the doctor not to leave Midnapore.
>
> So, Sir, kindly grant me leave of absence for this session of the House of the People and oblige".

Is it the pleasure of the House that permission be granted to Shri Banerjee for remaining absent from all meetings of the House during the present session?

Hon. Members: Yes.

Leave was granted.

PAPER LAID ON THE TABLE

FINAL ORDER NO. 3 OF DELIMITATION COMMISSION

The Minister of Law and Minority Affairs (Shri Biswas): I beg to lay on the Table, under sub-section (2) of section 9 of the Delimitation Commission Act, 1952, a copy of the Delimitation Commission, India, Final Order No. 3, published in the *Gazette of India, Extraordinary*, Part II, Section 3, dated the 13th November, 1953. [Placed in *Library*. *See* No. S-182/53.]

EMPLOYEES' PROVIDENT FUNDS (AMENDMENT) BILL

Clause 16.— (*Substitution of new section for section 17 in Act XIX of* 1952)

Mr. Speaker: The House will now proceed with the further consideration of the Bill to amend the Employees' Provident Funds Act, 1952, as passed by Council of States.

Clauses 2 to 15 have been disposed of. Clause 16 was under consideration. That is what the Parliamentary records say.

Shri T. B. Vittal Rao (Khammam): Clause 15 was not voted upon at all.

Mr. Speaker: Clause 15 was passed. There is the record here. The hon. Member will agree that it is more correct than the impressions of hon. Members.

The Deputy Minister of Labour (Shri Abid Ali): Yesterday he was speaking on his amendment.

Mr. Speaker: So, I will call upon the Minister to reply.

Shri Abid Ali: There are other amendments also.

Pandit Thakur Das Bhargava (Gurgaon): All the amendments to Clause 16 had been moved.

Mr. Speaker: All the amendments had been moved.

Shri Abid Ali: The amendment moved is concerning the words which have been mentioned in the Bill to say that if the benefits are not less, then there can be exemption, but if the benefits for the workers are less, then exemption can not be granted. The contention of the hon. Member there was that we are taking away the right of the workers and reducing the privileges. But I may draw his attention to the following words in line 8 of the original Act, Section 17(a): "generally which are on the whole not less favourable to the employees than the benefits provided under this Act". We are retaining these as they are in the Act itself and removing the earlier portion which is superfluous because of the lines which I have just read. Therefore, there is no change and there is no decrease of the privileges. I oppose the amendment.

Mr. Speaker: I am putting all the amendments together but, I feel a little confused as to how all these amendmends can be put together for voting.

Pandit Thakur Das Bhargava: Originally, amendment No. 1 was moved. Afterwards, I asked the hon. Member to move all his amendments. So, all the amendments have been moved.

Mr. Speaker: That is true, but the question now before me is how to put them together for voting. There are groups which can be put together, but it would create a difficulty in voting, if all the amendments are put together because they refer to different points.

Pandit Thakur Das Bhargava: Different points in the same Clause.

Mr. Speaker: So, I am putting these amendments separately. Hon. Members may refer to the Lists. Amendment No. 10 in List No. 1 is the same as amendment No. 21 in list No. 2.

The question is:

'In page 6, line 11, for "not less favourable" substitute "more favourable".

The motion was negatived.

Mr. Speaker: The question is:

In page 6, line 13, for "not less favourable" substitute "more favourable".

The motion was negatived.

Mr. Speaker: The question is:

In page 6, line 21, for "not less favourable" substitute "more favourable".

The motion was negatived.

Mr. Speaker: The question is:

In page 6, after line 23, add:

"Provided that the appropriate Government has ascertained the opinion of the majority of such employees before arriving at the opinion."

The motion was negatived.

Mr. Speaker: The question is:

(i) In page 6, for lines 39 to 46, substitute:

"(c) any person or class of persons employed in any factory to which the Scheme applies, if such person or class or persons is entitled to benefits in the nature of provident fund, gratuity or old age pensions and such benefits, separately or jointly, are on the whole not less favourable than the benefit provided under this Act or the Scheme:"; and

(ii) in page 7, line 1, for "(3)" substitute "(2)".

The motion was negatived.

Mr. Speaker: The question is:

> In page 6, line 45, for "not less favourable" substitute "more favourable."

The motion was negatived.

Mr. Speaker: The question is:

> "That clause 16 stand part of the Bill."

The motion was adopted.

Clause 16 was added to the Bill.

Clause 17.—(*Substitution of new section for section 19 in Act XIX of 1952*)

Mr. Speaker: There are no amendments to this Clause. So, I put it to the vote of the House.

The question is:

> "That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

Clause 18. (*Amendment of Schedule I, Act XIX of 1952*)

Shri T. B. Vittal Rao: I beg to move:

(i) In page 7, omit line 50.

(ii) In page 7, after line 50 add:

"(ia) The following items shall be added at the end:

Cigars and any preparations of tabacco other than cigarettes.

Coffee.

Tea.

Rubber.

Pepper.

Fertilisers.

Heavy Chemicals.

Drugs and Pharmaceuticals.

Paints and Varnishes.

Soap.

Tanning and Footwear.

Glass.

Petroleum products.

Power alcohol.

Matches.

Sugar.

Vegetable oils and Vanaspati.

Food products.

Ships."

[MR. DEPUTY-SPEAKER *in the Chair*]

Sir, in the original Act the provision was "manufacture or production", and in this Amending Bill the word "production" is being omitted. That is to say, they want to take away from the purview of this Act coal mines and gold mines and their production. In the coal mines there are 3,25,000 workers. I know there is a Coal Mine Provident Fund Scheme, but the provisions there are not so favourable as the provision under this Act. For them the contribution is only from the basic wages. No deduction is made from the dearness allowance, nor is any deduction made on account of the cash equivalent due to sale of cheap grains. These two things—contribution on dearness allowance as well as cash equivalent of foodgrains—are very important. In another Act, *i.e.* the payment of compensation, these are taken into consideration, but here it is not done. So, I want to bring within the purview of this Amending Bill coal mines and gold mines. Then there are other industries, such as the chemicals, and chemical products industry, and the cigar and preparations out of cigar industry, and also the *bidi* industry. Although a number of workers are engaged in the *bidi* industry, still the workers engaged in that industry do not come under the Schedule. As far as I know—I am not sure—in the cigar industry, though it is a flourishing industry, still there is no provision for any kind of a provident fund for the employees. I would request the hon. Minister to include the *bidi* workers also within the scope of this Bill.

As regards plantations, only yesterday it was pointed out, in the course of the discussion on the Industrial Disputes (Amendment) Bill, that the plantation workers should be brought within the scope of that legislation. Why have the plantations been omitted? Is it because they are mostly British-owned, and managed with British capital? Is it because of the fear that it would interfere with our membership in the Commonwealth? These capitalists have been invading province after province, and earning a lot of

[Shri T. B. Vittal Rao]

money by way of profits, and why should we exempt them from the purview of this legislation? Plantations like pepper, rubber, etc. could be easily included in this Bill. Similarly, the tanning industry can also be included in the Schedule, which applies at present only to six industries.

If any factory is not able to pay, then it is up to Government to see that some sort of a contribution is made to them from out of Government revenues. For instance, there is a factory, about 20 miles from here, *viz.* the Modi Spinning and Weaving Mills, who have made a profit of Rs. 14 lakhs this year, and they have been exempted from the payment of income-tax also. To that extent, our income-tax revenues have been depleted. When such concessions are being given, and we suffer some loss in our revenues, by foregoing income-tax dues and other things, why should not Government take the responsibility for contributing towards the provident fund of the employees, in cases, where the factories are not able to pay? Government can certainly pay, for they have plenty of money. For instance, they are prepared to pay for one individual like the Rajpramukh of Hyderabad, a sum of Rs. 1 crore a year, Rs. 50 lakhs as privy purse, and Rs. 50 lakhs as compensation for the *saref-e-khas*. But when it comes to the workers, whose wages are far less, and who are compelled to starve, being unable to make both ends meet, after putting in eight hours of hard labour, to deny them such a simple provision as the provision for old age, is ununderstandable.

I would very strongly urge upon Government to include within the scope of this Bill, all those workers, who have not been included in it already. I commend my amendments to the House.

Mr. Deputy-Speaker: Amendments moved:

(i) In page 7, omit line 50.

(ii) In page 7, after line 50 add:

"(ia) The following items shall be added at the end:

Cigars and any preparations of tabacco other than cigarettes.

Coffee.

Tea.

Rubber.

Pepper.

Fertilisers.

Heavy Chemicals.

Drugs and Pharmaceuticals.

Paints and Varnishes.

Soap.

Tanning and Footwear.

Glass.

Petroleum products.

Power alcohol.

Matches.

Sugar.

Vegetable oils and Vanaspati.

Food products.

Ships."

Shri K. P. Tripathi (Darrang): I beg to move:

(i) In page 7, omit line 50.

(ii) In page 7, after line 50, add:

"(ia) the following items shall be added at the end of the Schedule:

Tea

Coffee

Rubber

Petroleum

Matches."

Yesterday I made a point, in the course of my speech, in regard to the omission of the word 'production', from the Schedule, proposed by Government in this Bill. I was expecting that some explanation would be coming forward from Government, but I am sorry to say that no explanation has been put forward so far. I had pointed out yesterday that if the word 'production' is omitted, the scope of the

Bill would become limited. As I had understood the scope of the Bill, I felt that it was merely a Bill to regularise the administrative machinery, as a result of experience, and not for the purpose of making substantive changes in the original Act. But the new amendment proposed by Government in this Bill, is of a substantive character, and if accepted by the House, will restrict the scope of the Bill.

I do not know how Government are justified in limiting the scope of the Bill, especially when they gave a definite guarantee at the time of moving for the consideration of the Bill, that the scope of the Bill will be gradually broadened and not lessened. If they try to lessen the scope, they should come forward with an explanation. But no such explanation has been put forward by them. Therefore I am at a complete loss as to the justification for having made such a provision in this Bill.

I had explained yesterday that production and manufacture are two different processes in the same industry, and both may occur in any industry. If you want to limit the scope to manufacture only, that means you want to give the benefit only to the factories, and not for others. I have already contended that it is not necessary to limit the benefit merely to the factories. In my opinion, it is necessary to extend the benefit to the entire industry, and not only to a portion of it. If the entire industry is to be covered, then both the words are required.

Moreover, there are other industries which have not been included in the Bill, such as transport, and so on. These also should have been included, and I do not know why it has not been done. I am extremely sorry that a proposal to limit the scope of the Act, should have emanated from the Labour Ministry. It is not a matter of policy at all, where some new decision is taken. The policy was decided and adopted by this House about a year ago, that the scope should be gradually extended to other industries as well. Therefore, this amendment of the original Act should not have been pressed by Government. I still hope that Government would withdraw it.

I have moved an amendment for the inclusion of the tea, coffee, rubber, petroleum, and match industries in the Schedule. All these five industries are long-established ones, and they are perhaps the best established ones in India today. The secretariat of these industries is in no way less than that of some of the State Governments. These industries are spending on their managerial staff, fabulous amounts, including pensions paid to the retired managerial staff. Just before the tea crisis, I had read in the papers that there was a meeting of the retired planters in London, when they passed a resolution demanding that their pension should be increased, because the purchasing power of the pound had gone down. They got a pension, and they had a right also to ask for increased pension. But what about these workers? There is no provision for their old age pension. Yesterday I had quoted from the Rege Committee Report, published in 1946, in order to show that they had recommended—they quote the Labour Inquiry Committee's Report made in 1921—that some provision should be made for tea labour, for superannuation, although no such provision had been made so far. Even now, the tea industry gives provident fund to its employees. Not only does it give provident fund to its labour, but it again spends one rupee per week per worker when the worker has nobody to support him on his superannuation. So, the tea industry itself is forced to make some sort of *ad hoc* provision for the support of the worker. But that support is nothing. Therefore, as I said yesterday, the man dies much quicker than he would otherwise do. If this provision is applied to the tea industry, it would accept it. There is no question of asking the tea industry. It is a question of basic policy. If the nation decides that as a basic policy we should have provident fund, why shall it not be so decided?

[Shri K. P. Tripathi]

Then, again, this is not a taxing measure. This is a saving measure. The Planning Commission has decided that there should be saving. Through this provident fund, so much money will be realised and that could be utilised for housing. Something like Rs. 9 crores have been provided in the Five Year Plan for housing. Where does that money come from? It comes from all these collections. Therefore, it is the basic duty of the Government to go on expanding this, so that we may get more money for the purpose of labour welfare, including housing. But today this has not been done. The moment we expect the small savings scheme to succeed, it is incumbent on the part of Government to come forward with the inclusion of this industry. Take the tea industry in Assam. If only one anna is contributed by the employers and workers in Assam, from that province alone you will get Rs. 2 crores per year. That would be the saving to the Government and within a period of five or ten years the building programme can be completed. The industry is paying; it has to pay; it annot but pay to its superannuated people in some way or other, however small the amount may be. Therefore, if this scheme is applied, it would be a boon to the industry itself. Obviously, the industry is not opposed in regard to matters like the provident fund, etc. Even in the conference which was held in December 1952, which the hon. Minister attended,—it was at the time of the tea crisis—this proposal that this contribution may go to the provident fund was made. I made the proposal and I had hoped that it would be accepted, but at that time the industry was not interested in this: it was interested in the cash conversion. Therefore, they did not accept it. But still this proposal was worth considering on its merits, but unfortunately days and months have passed and the Government has not thought it fit to include the tea industry and the plantations within the ambit of this Bill.

Take petroleum, which is the biggest industry in Assam. It has one of the biggest hospitals; it has a very big staff. (*Shrimati Renu Chakravartty:* 300 per cent. profits). Yes, 300 per cent. profits. The Ministry itself found out that the profits amounted to 300 per cent. Why is it that this provision has not been applied to that industry? When will it be applied? Then, take the match industry. It is also an established and longstanding industry. I do not know why it has not been included. I do not know why it should not be included. It is not a new industry. It has been earning profits for a long period. I feel therefore that it is very necessary that these industries should be included. Every amendment that comes must come for an extension, both in scope and application, of the Bill and if an amendment does not come, then it must irritate all hon. Members who have the good of the workers at heart. I therefore request the hon. Minister that, since there is no policy involved, since the Government of India is committed to this policy of extending gradually these benefits, since no employer would object to this, since it is a measure good for every worker as well as employer, since it is a measure which is good for the entire country, since it is a measure which will help in advancing the Five Year Plan,—since it is all these things, I hope the Government will accept this amendment of mine and in anticipation I thank them for the same.

Shri Abid Ali: I quite appreciate the feeling of my hon. friend Shri Tripathi when he says that hon. Members have a right to get irritated if there is a curtailment or decrease of the privileges which the original Act gave to the workers. I entirely agree with him and I assure him that there is nothing of the kind proposed in the Bill. The word "production" is being removed from the schedule, but as he will see from page 2 of the Bill, the definition of "manufacture" is being widened. In Section 2(g) of the original Act, factory is defined and there "manufacturing process" is mentioned. This Act primarily applies to workers in factories engaged in manufacturing process, and this limited definition has been widened by the proposed amendment as it stands on page 2.

Shri S. S. More (Sholapur): How is it widened?

Shri Abid Ali: It is widened.

Shri S. S. More: Section 2(g) refers to manufacturing process. Now you are trying to explain what is meant by manufacturing process, by this new amendment in the definition, but as a matter of fact the original connotation is more clear. There cannot be any extension of a thing by a mere definition.

Shri K. P. Tripathi: May I also point out that if you take away this provision, then you may not be able to include the tea industry in the schedule without changing the preamble?

Shrimati Renu Chakravartty (Basirhat): How about tea pickers?

Shri Abid Ali: I may submit that plantations of tea, coffee etc. cannot be brought within the purview of this Bill unless the Act is amended. Section 2(g) makes the Act applicable to factory workers. Because in Schedule I the word "production" is mentioned. The plantation workers cannot come in; it will be illegal.

Shrimati Renu Chakravartty: Why do you want to take away the word "production"?

Pandit Thakur Das Bhargava: Match factories can be included. It is the policy of Government to extend the provisions of this Act gradually.

Shri Abid Ali: Match factories can be covered by the Act.

Shri S. S. More: The hon. Deputy Minister was saying that by introducing the definition of "manufacture" on page 2, he is trying to expand the ambit as covered by the definition in Section 2(g) of the original Act relating to factory. I should like to be enlightened on that point by concrete instances.

Shri Abid Ali: I was mentioning that because the word "production" is mentioned in schedule I, automatically the Act cannot apply even if Government intends to apply it to plantations. I was submitting that in Section 2(g), factory is defined and manufacturing process is mentioned on page 2 of the amending Bill, where we have defined manufacture. There is no intention of curtailing in any way the right of the workers which they have under the original Act. I want to give this definite assurance to the House that there is not the slightest idea of taking away from any individual worker any right or preventing any individual worker from enjoying what was possible to be enjoyed under the original Act. That is not the intention. The only intention in bringing this amendment is to remove the superfluous word. When we came forward with this amending Bill, the idea was to put all phraseology in proper order and remove all possible doubts. As I have said, other industries besides plantations can be brought under the Act by notification to be issued by the Central Government. It is not necessary for that purpose to amend the Act in any manner.

3 P.M.

Shri K. P. Tripathi: May I point out that in every plantation there is a factory; so, even as it is, it may be applied to the factory in the plantation.

Shri Abid Ali: Yes, Sir, the factories in the plantations are covered by the Act but the scheme has not been applied to those factories. Government can apply this Act to the factories in the plantations also by a notification. That is another point.

With regard to 'production', Sir, I have made my submission.

Pandit Thakur Das Bhargava: Does the hon. Minister propose to do so in the near future?

Shri Abid Ali: That is of course a question which was sufficiently explained yesterday. The Act has been applied only from the 1st of November

[Shri Abid Ali]

1952. It is getting stabilised; the whole machinery has to be established. Much work has been done, and has yet to be done. Our intention is that once the Scheme is stabilised with regard to the industries at present included, further industries should be brought within the scope of the Act by a notification to be issued by the Government of India for which it is not necessary to amend the Act. I oppose the amendment and I hope my hon. friend Mr. K. P. Tripathi will appreciate what I have said and will not press his amendments.

Shri K. P. Tripathi: Do I understand from the hon. Minister that in the near future an amendment will be brought in so that industries like this might be included?

Mr. Deputy-Speaker: He has referred to it and said that he cannot give an assurance.

Shri T. B. Vittal Rao: We want to know from the hon. Minister what are the difficulties in extending this to the other industries that are not covered. What are the difficulties exactly encountered by the Government in extending this?

Shri Abid Ali: Sir, as I have said in reply to my hon. friend Mr. Bhargava, there are difficulties. The Act has been brought into force only from the 1st of November 1952 and we have completed only one year.

So far as the other industries are concerned, I may assure the hon. Members that they are under an impression that because the Act has not been applied to those industries, there is no provident fund for the workers in such industries. There is provident fund in petroleum industry also but not of the standard of the scheme. That is correct. Our coal mines have got provident fund, which came into existence five years earlier than this Act. So, other industries also have got provident funds. Some of them pay more, to the extent of 10 per cent. a few no doubt.

Shri S. S. More: What about the sugar industry?

Shri Abid Ali: Some of the sugar industry workers have got provident fund scheme but not all. In reply to the question asked by my hon. friend, Shri Vittal Rao, I may assure the House that we are earnest about it. We will extend the Act to other industries whenever possible.

Shri P. C. Bose (Manbhum North): The hon. Minister said that these industries—tea and coffee—have not been brought under the scope of the Act because the administrative machinery has not been stabilised. May I know how long will it take to stabilise it?

Shri Abid Ali: My hon. friend has misunderstood me. I said that tea and coffee cannot be brought under the scope of this Act unless the Act is amended.

Shri K. P. Tripathi: Sir, I do not press my amendments.

Shri S. S. More: Sir, he is true to the traditions of those Benches.

Mr. Deputy-Speaker: I will now put amendments 16 and 19 to the House.

The question is:

In page 7, omit line 50.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

In page 7, after line 50 add:

"(ia) The following items shall be added at the end:

Cigars and any preparations of tobacco other than cigarettes.

Coffee.

Tea.

Rubber.

Pepper.

Fertilisers.

Heavy Chemicals.

Drugs and Pharmaceuticals.

Paints and Varnishes.

Soap.

Tanning and Footwear.

Glass.

Petroleum products.

Power alcohol.

Matches.

Sugar.

Vegetable oils and Vanaspati.

Food products.

Ships."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 *was added to the Bill.*

Clause 19 *was added to the Bill.*

Clause 1, *the Title and the Enacting Formula were added to the Bill.*

Shri Abid Ali: I beg to move:

"That the Bill be passed."

Mr. Deput-Speaker: Motion moved:

"That the Bill be passed."

Shrimati Renu Chakravartty: Sir, in listening to the debate for the last two days on these two labour Bills, one has got the idea that the Government has not realised that there should be a broader and intelligent economic policy. It is not only a question of humanitarianism—the granting of old-age benefits in one case or retrenchment benefits in the other. As we have seen, the entire failure of our Five Year Plan has been that there has not been enough purchasing power in the hands of the people. Sir, every amendment that has been made has been to restrict in every way this purchasing power and to give as little as possible to the workers. We are further trying to restrict the scope of this Act as it exists. The very idea of taking away the word 'production' in this Bill is one such example. Actually, the hon. Minister seems to think that by taking away the word "production", this is just a verbal change—as he calls it, a change in philology and that it makes it more simple and direct. Actually it will only allow those who are engaged in the manufacturing process to participate in the benefits of the scheme. Those who are engaged in the pit-heads, for instance, those who carry the ores, who come and go and bring the ores etc. may not be taken as part of the manufacturing process. There may be scope for restricting the scope of the Bill by taking away this word "production". Therefore, it is not very clear to many of us, why it is that you want to take away the word 'production'. We feel that it is restricting the scope of the Bill. If at all there is any difficulty it will be on the side of the workers.

There are other examples of that but I do not wish to go into the details. But, if you view it from the broader point of view, we do not also understand why this whole question of financial stringency has been brought in for cases of exemption. On the face of it, it looks as if by bringing this clause we are saving those small industries where the owners are unable to keep the industry going. But if you see that the entire industrial policy is dependent upon the purchasing power of the people, if we regard that as one of the basic policies of a welfare State, then at least in those cases where the small employer is unable to meet the demands of the scheme, the Government should come in and give the contribution for that period of crisis when the employer is unable to pay his share of the benefit. This is another example where we find the whole attitude incorrect. By the Government giving benefits, in these cases it will lead to the increase in purchasing power and help the industries.

Of course, I am not reiterating what my hon. friends Mr. Tripathi and Mr. Vittal Rao have said. But we find it has not been possible either in the earlier Bill or here to include such industries as petroleum, tea etc.

Yesterday, Sir, the same difficulty came up. I would just mention here

[Shrimati Renu Chakravartty]

what the Federation of the Chambers of Commerce said about bonus awards: "the effect of bonus awards has been to fritter away the profits of industry." Yet if we look into the jute industry which is a leading industry in my province and in which I am interested, you will find that between 1945 and 1948—between these two or three years—the British employers gave two bonus shares up to three times the face value of the shares. If we calculate it, you will find that they took away 2·3 crores by way of bonus shares and 4·1 crores as dividends. Sir, if that is the position and if that does not fritter away the resources, why is it that such a scope is not given here, and such benefits which we want to give to the workers are not here in the case of many British industries and exemptions are allowed to many. Why does the Government yield to them? No reasonable account has been given by the hon. Minister as to why these British industries cannot pay. If you could have shown as really that these industries are unable to pay, then we would have certainly at least pondered as to why these exemptions are being allowed. Why is it that many of these industries are not taken within the scope of this Bill? In answer to this, and to the questions that have been raised in this House, no satisfactory answers were given.

The third point which I would like to make is that there is exemption to the Government and its factories. Now, Sir, if we really believe that we are a welfare State, the Government must set up an example to the employer and say there has been no exemption for the Government too. Often, the private employer turns round and says that if you give exemption for Government, then the same exemption must be given to the private industry. Of course it may be argued that the Government does not make profit and that therefore there is no scope for giving them the benefits. But I think that if we take into consideration the whole concept of the welfare state and if we take into account the basic necessity of giving the purchasing power to the people, then this old age benefit for Government factories must be included within the scope of this Bill.

Shri R. K. Chaudhuri (Gauhati): Nonsense.

Shrimati Renu Chakravartty: It may be very nonsensical to some of the hon. Members but it may not sound so to the vast masses of the people.

Then another point—on the agreement necessary between the employer and the employee for granting benefit to which reference has been made by one of the hon. Members over here. We know that often technical points are utilised on behalf of the stronger person whereby pressure is brought to bear upon the weaker person. For instance, I will give you one small example. We have what we call 'Bhagchash Law' (share-croppers law) in our State. They take one-third share. that is, one-third share is to be given to the landowner, one-third has to be taken by the peasant and one-third by those who give the implements. Now, the landlords have used that clause and they have made the peasants sign a false document saying that 'we are agricultural labourers'. And, therefore, they have been able to get two-thirds of the share. These are technical points but very dangerously twisted to serve the stronger partner. Unless we can get the employers and the employees to agree by terms of this Bill the benefits cannot be given. Even in cases where 100 per cent. of employees wanted the benefit, and the employers say, "No"; there could be no question of extending this benefit to them. This is another point. I should like to make. The last point is the 'less favourable' and 'more favourable' clauses. I am afraid we have not understood why this clause has been inserted. How it extends the scope of this Bill to a larger section of the workers is a point on which we would like to have an answer. Whether the exclusion of the 'more favourable' clause—will help those who want to lower the standard already existing in their factories is yet to be understood. This will allow them to lower the benefits without reference to the Central Commissioner to whom they had to refer according to the earlier clause of the Bill. These are some of the points which I would like to make in the third reading of the Bill, especially to impress upon the Government the desirability to look upon all these labour Acts not only from the humanitarian point of view, which is necessary no doubt, but from the proper economic point of view—of giving more purchasing power to the people and not regard the provisions as nonsensical as some hon. Member suggests.

Shri Altekar (North Satara): While I am in general agreement with the provisions of this Bill, I would like to point out certain features and make some remarks with respect to the enforcement of the provisions therein for the benefit of the employees. This Bill, as has already been said, is mainly brought with a view to remove certain difficulties in the administration of the Act and to see that it is administered well for the benefit of the employees. But I have received some complaints and if I look to them, the gist comes to this: "Save us from our saviours." They say that the applications for exemption that is given under Section 17 of the Bill, for giving them the benefit, have not been properly looked into, and that the benefits which they are enjoying under the old provident fund schemes of the factory in which they are working should be allowed to them. That is, they should begin to contribute or be allowed to contribute to the old provident fund of their factories. According to their existing schemes, they reap more benefits by way of raising loans from the provident fund and also higher rate of interest from them. Some of them who have reached 50 years of age or over are working there, and if they are asked to go out, they will be put to great disadvantage and if the new scheme is made applicable to them, they will be under great hardship. Their main grievance is that when they are making these representations to the proper authority, they are not being looked into. These applications should be carefully looked into and they should not be disposed of *ex parte*. When they are making repeated representations, those representations are not heeded, and their grievance is that when they are making their representations, no orders adverse to the demand which they have made therein should be passed without giving proper thought and consideration and without calling them and asking them to give any explanation if it is needed. Many of them are persons who are well educated—some of them are graduates—and more than 400 workers from that factory *i.e.* Kooper Engineering Factory, Satara have made these applications. About 40 or 50 of them were allowed, but the others were not allowed. So, the general grievance is that when applications are being made and the Regional Commissioner or the Central Commissioner—whoever he may be—thinks that the applications and the demands made in those applications are not in the interests of the worker and if the applicants insist that they are in their interests, they are disposed of without consulting them. They feel that in such cases, no adverse order should be passed unless they are consulted, unless the matter is discussed with them, and unless a proper procedure and a proper way of disposing of those applications was followed, by convincing them of the justness of disposal. Whenever it is in their interests, and if the majority of them so desire that the old scheme should be made applicable to them, it should be made applicable. I would like to suggest to the Minister that if there are certain representations, and a large number of the applicants are making such representations and if a fairly large number again are educated persons who understand their own interests, then, greater attention and consideration should be given to them, because when the employees themselves are so persistent in their demands, their prayer should be complied with. They were so persistent in their demands, that they were asking me whether any appeal could be preferred over the order passed by the Regional Commissioner. When the

[Shri Altekar]

matter is of such great importance to them and when they are not convinced in any way of the reply and the views entertained by the Regional Commissioner that rejecting the application is more in the interest of the workers, then, as they do not wish to join the new provident fund scheme, they should be allowed to continue in their old provident fund scheme. Therefore, I beg to submit that when such a question comes in and the matter has to be decided, the question should not be lightly treated and the impression in their mind which I have gathered from the correspondence they had with me and also the talks which I had with some of them, and which is to the effect that their applications are not being properly considered and no sufficient attention is being given to them, should be removed. Therefore, I submit that when such representations are made and the workers themselves are making such representations, then, in that case, the matter should not be decided against them and if they say that they should be called and explanations should be taken from them or that the whole matter should be placed before the Regional Commissioner and he should look into all these various aspects of the case, then it should be so done. No impression should be left with the worker that the Government is not giving proper attention and that the applications of the workers are not properly looked into. That is an important point that I have to make with respect to the enforcement of the particular section of the Bill.

Another point which arises is regarding the interpretation with respect to the particular wording of the section: whenever the workers themselves are putting forth a certain view in their interests, and what they think is to their advantage, then more attention and better favour should be extended to the viewpoints of the workers. These are the only two points that I have to make with respect to the working of this Act and how this principle is to be enforced.

Shri T. B. Vittal Rao: The principle in this amending Bill—the Employees' Provident Funds Bill—is that the employee and also the employer contribute. But taking into consideration the low standard of living, we should see, if not now, at least in the next two or three years, that there should be no contribution taken from the employees at all. There is nothing new in this. In China they have got a labour insurance scheme; in Soviet Russia they have got social security. Of course China has not reached the stage of social security; it is only labour insurance. But there the whole contribution is made by the Government as well as the employers. Similarly, here also we should exempt the workers from their contribution and ask the employers or the Government to make the whole contribution.

Then, Sir, secondly we have not got a unified system. For example, in the railways it is a contribution by the Government of 8⅓ per cent. Of course, they have got gratuity also separately. Here in some industries it is 6¼ per cent. Then, in the mines it is a slab system and the contribution is not more than 6¼ per cent. In all these schemes there should be some uniformity. This Provident Fund Act is an improvement over the Railway Provident fund. Though the rate of deduction is less there is a contribution for the dearness allowance as well as the grain concession. Now, when we go and approach a coal mine management to introduce this scheme, they naturally ask us: "Why don't you approach your Government and ask them to introduce the same scheme in the railways where it is operating?" What moral right has Government or anybody if it itself does not do things for the employees of its own and ask the private employer to do more. This is the sort of reply we get. So, there should be a unified system of provient dent fund. Otherwise this will give rise to eternal trouble. Now the workers will give a strike notice that this scheme should be made applicable to the coal mines also, where the managements are making as much profit as the concerns governed by this scheme. To avoid all this: there should be a unified system of provident fund.

Then there is the provision for exemptions. Whenever exemptions are granted, I would appeal to the hon. Minister to see that the democratic verdict of the workers is ascertained. They should have the right to vote whether they would like to continue under the old scheme or would like to come under the new scheme. So, their opinion should be taken into consideration in granting exemptions.

Another fact which I wish to bring to the notice of the House is that yesterday the hon. Minister pointed out that out of Rs. 5 crores collected, Rs. 16 lakhs go towards meeting the administrative expenses. This fund can easily be allowed to be operated by the trade unions. This has been so successfully done in other countries like China and the Soviet Union. Here too the contribution of the employers and the employees should be handed over to the Unions to be managed. Of course, certain rules may be framed so that the fund is operated to the benefit of the workers.

Finally, Sir, I would say: let there be no exemptions at all. We know how little we are getting. So, I would earnestly appeal to the hon. Minister to come at least in the Budget session with a Bill for a unified system of provident fund scheme.

श्री आबिद अली : जनाब डिप्टी स्पीकर, अभी मेरे दोस्त श्री विट्ठल राव ने फरमाया कि चीन और रूस में जिस तरीके से प्रौविडेंट फंड वगैरह चलता है, वही चीज यहां भी होनी चाहिये। मैं उनसे अर्ज करूं कि हम उस तरीके से जाना नहीं चाहते, क्योंकि उस तरीके की पहली जरूरत यह होती है कि हमारे दोस्त उस पार्टी के जो कि सामने बैठे हुये हैं, वह यहां पर नहीं रहें। हम यहां पर डेमोक्रेसी चाहते हैं और डेमोक्रेसी का तरीका यह रखना चाहते हैं ताकि इस मुल्क में हर एक को पूरो आजादी हो और हर एक पार्टी को सरकार की मुखालफत करने का हक हो और वही डेमोक्रेसी का तरीका हमको पसन्द है। हम उस गलत तरीके को जिसके लिये वह ख्वाहिशमंद हैं, अपनाना नहीं चाहते, उनके लिये वह तरीका अच्छा हो सकता है, लेकिन हम उस तरीके को अच्छा नहीं समझते हैं और हम तो चाहते हैं कि हमारे ये सब मुखालिफ दोस्त यहां पर बैठे रहें और हमेशा डेमोक्रेसी इस मुल्क में कायम रहे।

ट्रेड यूनियनों के बारे में आपने फरमाया कि पांच करोड़ रुपया जो इस प्रौविडेंट फंड में आता है, वह ट्रेड यूनियन के जिम्मे कर दिया जाय।

अभी मेरी मोहतरम बहिन श्रीमती रेणु चक्रवर्ती फरमा रही थीं कि ट्रेड यूनियन के वर्कर्स और कारखानों में काम करने वाले मजदूर बिल्कुल पढ़े लिखे नहीं हैं और मालिक जाकर उनसे दस्तखत लेकर एग्जम्पशन की दरख्वास्त भिजवा दिया करते हैं, मैं अपनी बहिन से पूछना चाहता हूं कि एक तरफ तो आप यह कहती हैं कि मालिक उनको धोका देकर दस्तखत ले लेते हैं, क्योंकि वह बिल्कुल अपढ़ हैं और फिर दूसरी तरफ वे चाहती हैं कि पांच करोड रुपया उन लोगों को सौंप दिया जाय। मालूम नहीं इस फन्ड का क्या हश्र होगा, अगर हम इस चीज को मान लेवें। ये दोनों चीजें अभी यहां पर उनकी ओर से पेश की गई हैं। मेरी अर्ज है कि यह प्रौविडेंट फंड के खर्च के लिये जो पैसा आता है यह मालिकों से वसूल किया जाता है, इसमें मजदूरों का एक पैसा भी नहीं आता है और कारखानेदारों से पैसे वसूल करके यह फंड चलाया जाता है, इसलिये कम अज कम मेरे उधर बैठने वाले दोस्तों को तो कोई ऐतराज नहीं होना चाहिये।

अब रही एग्जम्पशन की बात . . .

Shrimati Renu Chakravartty: May I rise on a point of explanation. I could not follow everything that the hon. Deputy Minister said in Hindi. The point that I was making was that by making agreement between employers and employees absolutely necessary for giving the benefits of this Act, even if all the employees are agreeable the employers can veto it and deprive the employees of the benefits of the scheme.

Shri Abid Ali: Today, and yesterday also my hon. friend Mr. Chatterjea was saying that workers are duped, workers are wrongly induced by the employers to sign petitions for exempting and these petitions which come under the signature of the workers should not be given any attention, because their signatures are not voluntarily obtained, but under threat. The hon. lady Member also said that the workers are illiterate and they do not know what they are signing. While this suggestion was made, Shri T. B. Vittal Rao on the other hand was saying that the whole fund should be administered by the workers themselves. I was referring to that.

हां, तो मैं एग्जम्पशन के बारे में अर्ज कर रहा था । हमारा ख्याल इसके बारे में यह है कि . . . . .

Shri S. S. More: Of course, the hon. Deputy Minister has every right to speak either in Hindi or English, but he is speaking something in Hindi and something in English. Why should he alternate between the two.

Mr. Deputy-Speaker: Because there are workers and employers, both.

श्री आबिद अली : मेरी अर्ज यह थी कि कुछ मेम्बरान का शायद यह ख्याल है कि एक दफा एग्जम्पशन दिया, यानी एग्जम्पशन हो गया और इसलिये एग्जेम्पटेड फैक्टरीज के मजदूरों को प्रीविडेंट फंड नहीं मिलता है, अगर उनका ऐसा ख्याल है तो बिल्कुल गलत है । एग्जम्पशन का मतलब यह है और जैसा कि मैं पहले अर्ज भी कर चुका हूं कि सिर्फ प्रौविडेंट फंड कमिश्नर के सीधे ताल्लुक से एग्जम्पशन हो जाता है, प्रौविडेंट फंड स्कीम का अमल होता है लेकिन पैसा जो ट्रस्टीज हैं उनके पास जमा रहता है ।

जिनको एग्जम्पशन नहीं मिलता है, ऐसे फंड का रीजनल कमिश्नर और प्रौविडेंट फंड कमिश्नर से सीधा ताल्लुक रहता है । इसके बारे में मैं दोबारा अर्ज करूं कि अगर वर्कर्स की मेजोरिटी चाहती है उनकी ट्रेड यूनियन्स चाहती हैं कि एग्जम्पशन दिया जाय और कारखाने दार भी इस बात के लिये राजी हों कि प्राविडेंट फंड वहां रहे, और दोनों मिलकर जब हमारे पास आते हैं तो हमारा रीजनल कमिश्नर इसकी तहकीकात करता है, स्टेट गवर्नमेंट फिर से इस सब चीज को देखती है, फिर यहां का प्राविडेंट फंड कमिश्नर इसकी तहकीकात करता है, और जब उसको यकीन हो जाता है कि यह चीज वर्कर्स के फायदे में है, तब उनको एग्जम्पशन दिया जाता है, और वह भी हमेशा के लिये नहीं, कुछ दिनों के लिये दिया जाता है । नोटिफिकेशन में इसका ऐलान होता है । कल भी मैं अर्ज कर चुका हूं और आज दोबारा अर्ज करदूं कि अगर किसी ट्रेड यूनियन वर्कर को, किसी ट्रेड यूनियन को या किसी मेम्बर साहबान को यह लगे कि वर्कर्स को धोखा देकर उनके दस्तखत ले लिये गये हैं, तो वह फौरन मुझे इसकी इत्तला करें । वर्कर्स अपनी राय जाहिर कर सकते हैं, और अगर कहीं भी वर्कर्स चाहें कि एग्जम्शन रद्द कर दिया जाय, तहकीकात करने के बाद अगर वर्कर्स की ख्वाहिश होगी और उन के फायदे में यह चीज होगी तो एग्जेम्पशन रद्द कर दिया जायेगा । इसमें किसी किस्म का संकोच

हमारी तरफ से नहीं होगा इसका मैं आप से वादा करता हूं ।

दूसरी बात जो मेरे दोस्त श्री अल्तेकर ने फरमाई, हमको उससे बिल्कुल इत्तिफाक है कि जल्दी तस्फिया होना चाहिये । शुरू शुरू में जरूर कुछ देर हो गई थी, लेकिन अब तो इस स्कीम को अमल में आये हुये एक साल हो गया है और अब देर नहीं लगती है । मैं उन्हें यकीन दिलाता हूं कि वर्कर्स जो चाहेंगे वही होगा, उन की मर्जी के मुताबिक होगा और जल्दी फैसला हुआ करेगा, इसमें उनको अब जरा भी शक नहीं होना चाहिये ।

एग्जेम्शन के सिलसिले में मैं इतना और अर्ज कर दूं कि एग्जैम्शन्स ज्यादातर इस लिये मांगे गये हैं कि वर्कर्स का पैसा जो जमा होता था उस में कर्ज मिलता था । हम चाहते हैं कि वर्कर्स को फंड में से कर्ज न मिले, इसलिये कि हमारा यह मानना है कि जब वर्कर्स रिटायर होते हैं उस वक्त उन के पास काफी रकम होनी चाहिये ताकि रिटायर होने के बाद चाहे वह जमीन लें या दूकान करें या जो जी चाहें करें । उनके हाथ में काफी रकम आनी चाहिये । ट्रेड यूनियन के एक खादिम की हैसियत से मेरा यह तजुर्बा रहा है कि वर्कर्स अपने प्राविडेंट फंड में से काफी पैसा निकाल लेते हैं और उन के ऊपर काफी कर्ज हो जाता है । जब वह रिटायर होते हैं तो उन के पास बहुत थोड़ा पैसा बच जाता है क्योंकि बड़ा हिस्सा कर्ज की अदायगी में चला जाता है । इस लिये हम चाहते हैं कि कर्ज वर्कर्स न लें । वर्कर्स एग्जेम्शन इसलिये चाहते हैं कि उन्हें कर्ज लेने की सहूलियत हो । इस लिये कल जो कहा गया कि उनको बगैर उनकी मर्जी के राजी करा लिया जाता है, मुमकिन है कि यह चीज उनके कर्ज लेने के रास्ते में आती हो, लेकिन हमारा तो मानना यही है कि जहां तक हो सके वह कर्ज न लें, उन का पैसा जमा रहे ।

जूट इंडस्ट्री के बारे में आनरेबिल लेडी मेम्बर फरमा रही थीं कि वहां अंगरेज हैं और इस लिये गवर्नमेंट उन पर बहुत मेहरबान है । मुझे यह सुन कर बड़ा ताज्जुब हूआ । शेड्यूल १ में टैक्सटाइल के बारे में ब्रैकेट में दिया हुआ है :

> "Textiles made wholly or in part of cotton or wool or jute or silk, whether natural or artificial."

जूट ट्रेड तो पहले शेड्यूल में ही दिया हुआ है । जिस दिन यह स्कीम अमल में आई उसी दिन जूट इन्डस्ट्री के ऊपर यह कानून अमल में आ गया है, फिर भी उन्होंने शिकायत की । हमें इससे कोई ताल्लुक नहीं कि वह अंगरेज है या अमरीकन हैं । और अगर रशन का न होना उनको बुरा लगता है तो वह भी बिजनेस में आ जावें और वह आकर यह बिजनेस कर सकते हैं । इस लिये जो कायदे अमल में हैं उस में कोई अंगरेज है, अमरीकन है या रशन है इस से हमारा कोई ताल्लुक नहीं जिन इन्डस्ट्री को लाना चाहिये, जो लाई जा सकती हैं, उन को हम लाते हैं और जैसा मैं ने अर्ज किया कि यह चीज नहीं है कि हम दूसरी इन्डस्ट्रीज पर यह कानून नहीं लगाना चाहते हैं । यहां पर आकर सिर्फ एतराज कर देना और चीज को न पढ़ना, और पढ़ना भी तो बिना समझे हुए गलत गलत ऐतराज कर देना उन की आदत हो गई हैं । यह बात आनरेबल मेम्बर जानते हैं कि हम किस तरफ और कैसे जा रहे हैं । मेरी अर्ज यह है कि हम वेलफेयर स्टेट के उसूल को मानने वाले हैं, हम कम्प्लीट सोशल सिक्योरिटी की तरफ जा रहे हैं । हमारी

[श्री आबिद अली]

गाड़ी अब रास्ते पर आ गई है और बराबर वह चलेगी और तरक्की करते हुये चलेगी। हम अपने मुल्क को बढ़ायेंगे, मुल्क की जो इन्डस्ट्रीज हैं उनको बढ़ायेंगे। और वहां के जो मजदूर हैं उन को पूरा हक जरूर मिले, मैं मानने के लिये तैयार नहीं हूं कि कोई भी जो उस तरफ बैठा हुआ है, मुझ से बढ़ कर आतुरता से इसका इन्तजार करता होगा या करने की कोशिश भी करता होगा।

मेरी माननीय बहन ने फरमाया कि इस में कहीं हयुमैनिटेरियन प्वाइन्ट आफ व्यू नहीं है, यह चीज हम से बहुत दूर है। हम हयूमैनिटेरियन प्वाइन्ट आफ व्यू को तो जरूर मानते हैं, लेकिन आज हम कम्प्लीट सोशल सिक्योरिटी की तरफ जा रहे हैं ओर जरूर जायेंगे मैं जानता हुं कि मेरे दोस्त जो उस तरफ बैठे हुये हैं उन को बुरा लगता है कि हिन्दुस्तान तरक्की की तरफ जा रहा है, हिन्दुस्तान तरक्की कर रहा है तो कि उन को अच्छा नहीं लगता है उन को तो तबाही और बरबादी ही चाहिये।

Shrimati Renu Chakravartty: What is the meaning of this insinuation?

Shri Abid Ali: It is their turn to hear me now. It has become their habit to go on making charges and not hear the reply.

Shrimati Renu Chakravartty *rose*—

Mr. Deputy-Speaker: The Minister is not yielding.

Shrimati Renu Chakravartty: I have made certain specific allegations. He has not replied to them. He cannot make such condemnations.

Shri T. B. Vittal Rao: The Minister has said that we are not interested in the progress of India. Is it proper for him to say like that?

Shrimati Renu Chakravartty: He has to cite examples.

Mr. Deputy-Speaker: There is no general allegation that they are not interested. They are as much interested as others. (*Shri T. B. Vittal Rao*: Perhaps more.) In opposing it, they are not interested—that is what he means.

An Hon. Member: Let him say that.

Shri H. N. Mukerjee (Calcutta North-East): Let him explain it if he chooses.

Mr. Deputy-Speaker: There are certain things which are retrograde according to him. On the other hand others might feel that certain other things are absolutely useless and conservative. Each hon. Member is entitled to have his own view. But no hon. Member, either on this side or that side, need give by any expression any room for doubt so far as the *bona fides* of Members are concerned. With regard to any amendment or any speech made or any proposition brought before the House another hon. Member may say it is reactionary, it is not calculated in the best interests of the community as a whole etc. But to generally attribute *mala fides* is not proper. I understand it is not to attribute any *mala fides*, but evidently he was changing from Urdu to English and from English to Urdu. That was the difficulty.

Shrimati Renu Chakravartty: He is suffering from so much red-phobia that he does not answer some of the specific points made.

श्री आबिद अली : मैं ने सब प्वाइंट्स को एक के बाद एक लिख लिया है और एक के बाद एक देख कर जवाब दे रहा हूं। मैं यह अर्ज कर रहा था कि इसमें क्या लिखा हुआ है। पहले ही यह स्कीम जूट इंडस्ट्री के लिय अमल में आ गई है। कल उन्हीं की पार्टी के कुछ मेम्बर साहबान ने एतराज किया था जूट इंडस्ट्री के लिये एग्जेम्शन की

आई हुई दरखास्तों के बारे में। फिर भी अगर उस पार्टी के एक मेम्बर आकर कहते हैं कि जूट इंडस्ट्री के लिये हम इस स्कीम को अमल में नहीं लाये हैं, हम अंगरेजों पर मेहरबान हैं, और उनके दोस्त हैं, और अगर इस का मैं जवाब देता हूं और उस पर वह नाराज होते हैं तो हुआ करें। अगर वह जवाब से नाराज होते हैं तो गलत ऐतराज न करे और अगर गलत ऐतराज करेगा है तो जवाब सुन कर नाराज न हुआ करे।

Shrimati Renu Chakravartty: Sir, may I make a point of personal explanation? The hon. Minister has not followed the speech at all. The point that was made was that even in big industries like jute so much profit is made. In the same way we have made those points about other industries like petroleum and tea. It is not that in jute the Act does not apply. The point was that in spite of all the surplus value being made there, bonuses which like Provident Fund gives further purchasing power to masses are being restricted. That point he has not followed at all.

Shri Abid Ali: If the hon. Members opposite feel that wisdom, understanding and intelligence is their monopoly, I do not quarrel about it.

Shri K. K. Basu (Diamond Harbour): Some basic knowledge is necessary to understand what is being said on the other side. (*Interruption*).

श्री आबिद अली : मैं एक के बाद एक उनकी बातों का जवाब दे रहा था और उन पाइंट आफ आर्डर और दूसरी चीजों का जो कि उन्होंने आपके सामने पेश की हैं। आपने जो फरमाया उसको मैं मानता हूं। लेकिन कल ऐसे ऐसे अल्फाज इस्तेमाल किये गये हैं, उनकी स्पीचेज मौजूद हैं और इस किस्म की बातें हमारे बारे में कही गई हैं जो कि नहीं कहनी चाहिये थीं। अगर हम यह कहते हैं कि हम एक खिदमत कर रहे हैं, अगर हम यह कहते हैं कि हम इंडस्ट्रीज को बढ़ाने की कोशिश कर रहे हैं, हम वर्कर्स को फायदा पहुंचाने की कोशिश कर रहे हैं और इसके लिये हर तरह से मेहनत कर रहे हैं, और यह लोग सिर्फ गड़बड़ और तबाही पैदा करना चाहते हैं, तो यह सच्ची बात है और सब लोग इसको जानते हैं। तब फिर नाराजगी की इसमें कौन सी गुंजाइश है। तो वही मैं अर्ज कर रहा था कि अगर वह लेने के लिये तैयार नहीं हैं तो मेहरबानी करके देने की भी कोशिश न किया करें।

तो मैं अर्ज कर रहा था कि न सिर्फ हमने कम्पलीट सोशल सीक्योरिटी की बात को माना है बल्कि हम उसको अमल में लाना चाहते हैं। सवाल यह है कि हम मुल्क को तबाह करके या इंडस्ट्री को बरबाद करके यह नहीं चाहते कि कुछ महीनों के लिये वर्कर्स की जेब में कुछ पैसे आ जायं बल्कि हम चाहते हैं कि वह रोज बरोज खुशी की तरफ बढते जायें। अगर वर्कर्स की मेजोरिटी यह चाहती है कि किसी एक खास फैक्टरी में प्रावीडेंट फंड बन्द कर दिया जाय इसलिये कि वर्कर्स को इस बात का यकीन हो गया है कि अगर प्रावीडेंट फंड जारी रहेगा तो इंडस्ट्री इसके बोझ को सहन नहीं कर सकेगी और कारखाना बन्द हो जायेगा तो ऐसे कारखाने पर स्कीम नहीं लगाई जायेगी ताज ग्लास वर्क्स के वर्कर्स को इस बात का यकीन हो गया कि कारखाना नुकसान में आ रहा है तो प्रावीडेंट फंड तो क्या उन्होंने अपनी तनखाह तक कम कर दी और मालिक को कहा कि अगर तुमको नुकसान होता है तो हम इसमें से कुछ बरदास्त कर लेंगे और हमारी तनखाह कम कर दी जाय। और इस तरह से ताज ग्लास वर्क्स जारी रहा क्योंकि वर्कर्स ने अपनी मर्जी से अपनी तनखाह कम करा ली। तो ऐसा कैसे किया जा सकता है

[श्री आबिद अली]

कि जहां तनखाह कम कर दी जाय वहां पर भी प्रावींडेंट फंड जारी रखा जाय। यह बात गलत होगी। हम इंडस्ट्री को बन्द नहीं करना चाहते हैं। सब काम वर्कर्स के सलाह व मशविरे से होगा। आपके सामने जो यह बिल है उसमें यह है कि अगर वर्कर्स की मैजोरिटी यह चाहती हो कि प्रावीडेंट फंड न रहे और हमको यकीन हो जाय कि कारखानेदार वर्कर्स को धोखा नहीं दे रहे हैं और यह चीज वर्कर्स के हक में है कि प्रावीडेंट फंड जारी न रखा जाय तो हम यह करेंगे कि जितने दिनों के लिये जरूरत हो प्रावीडेंट फंड अमल में न आवे। इसमें हमें कोई दिक्कत नहीं दिखती। सद्र साहब, यह कह कर, यह बिल पास किया जाय ऐसी मेरी अर्ज है।

Mr. Deputy-Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

BANKING COMPANIES (AMENDMENT) BILL—*contd.*

Mr. Deputy-Speaker: Now, the Banking Companies (Amendment) Bill.

Shri S. S. More (Sholapur): May I bring to your notice. Sir, that according to the previous agenda circulated, the Ancient and Historical Monuments and....

Mr. Deputy-Speaker: Last evening it was announced in the House.

Shri S. S. More: I know that according to the latest circular issued, the agenda has been modified.

Mr. Deputy-Speaker: It was also announced in the House last evening.

Shri S. S. More: But, we have been complaining that the notice is always short.

Mr. Deputy-Speaker: The hon. Member will kindly resume his seat. We have already said that the agenda is being changed. This Bill was put off on account of certain documents which the hon. Minister wanted to circulate to hon. Members. They wanted to have sufficient time to look into them and the hon. Minister wanted to have sufficient time to circulate these things. Now, the Bill has come. To avoid any surprise being sprung, it was also announced last evening in the House and the House also accepted it. I am afraid there is no force in this contention just now. Let us proceed with this Bill.

There was an amendment to refer this matter to the Select Committee. Shri Tulsidas had also a similar amendment. Was that put to the House? Are we on the Select Committee motion?

The Deputy Minister of Finance (Shri A. C. Guha): We do not accept the Select Committee motion.

Mr. Deputy-Speaker: The general discussion is going on. Yes; Shri H. N. Mukerjee.

Shri H. N. Mukerjee (Calcutta North-East): Mr. Deputy-Speaker, I find from the Objects and Reasons appended to this Bill that it is the Government's desire to relieve, by means of this legislation, the distress of the depositors. I fear, however, that the Government has opened its eyes a little too late and has now come forward with a measure which is somewhat in the nature of a face-saving device. I do not say that this measure is not necessary. It is. But, it has been long overdue. That is why I say that it is somewhat in the nature of a face-saving device that Government has come forward after so much of delay.

Bank failures happened on a dangerous scale as early as 1947 and by now, it appears that all realisable assets have been collected and mostly spent. According to the report of the

Banks Liquidation Proceedings Committee, out of 78 banks in liquidation in West Bengal, only one has been able to pay a dividend of 10 per cent. to its ordinary creditors. What I fear is that this delayed and long overdue enactment will not bring benefit to as many people as it ought to. There is now, I am afraid, hardly any question of settling the list of debtors as recommended by the Banks Liquidation Proceedings Committee. I also find that steps to recover the claims of the Banks in liquidation have already been finally settled in most cases and necessary costs incurred. These costly law charges, a factor which the Deputy Minister also mentioned very rightly, have been mainly responsible for the depletion of the funds in the hands of the liquidators. My complaint is that Government knew of the inadequacy of the existing Acts to meet the requirements of winding up proceedings when it enacted an Ordinance in September 1949. After that, we have had three or four years' experience in winding up proceedings to assist us. If Government had given serious attention to the whole matter and shown real concern for the interests of the creditors, not only to the interests of the creditors, but also to the whole question of assistance to small business which these banks which have usually gone into liquidation often provided. something could have been done "in the interests of the creditors and public morality" as the Government itself put it in one of its communiqués. I say that any Government worth its salt would have been ashamed of the indifference and inactivity which this Government has shown on this point. I feel strongly about this because I remember that in September this year. the hon. Deputy Minister who is piloting this measure, went to Calcutta and put all the blame for whatever has happened on the lay depositors. who do not understand so much about the complexities of the situation. when. as a matter of fact. these depositors have been driven from pillar to post.

If Government could not do any positive good to the creditors, it has provided at least one element of positive harm. Under the Indian Companies Act, it was obligatory upon the liquidators, within a month of the winding-up order, to call a meeting of the creditors and contributories for the sake of appointing a Committee of Inspection to act along with the liquidators. Further, it was the duty of the liquidator to summon meetings of creditors or contributories who might direct by resolution or whenever they were asked to do so by people representing 1/10th of the value held by the creditors or contributories. It was also provided in the Companies Act that the liquidators shall have regard to any directions that may be given by a resolution of the creditors and contributories at a general meeting. All that was done away with, and in the Banking Companies Act, 1949, which we are now going to amend, the Court was given power to dispense with meetings of creditors or with the appointment of a Committee. That very valuable right of the creditors to exercise control over liquidation was gone. This is a matter to which Government has not, at least so it appears. given sufficient attention. I hoped that when this Amending Bill was being brought into the picture something would be done in this regard, but nothing, I am afraid, has been done.

As far as West Bengal is concerned, that is a Province which, with Travancore-Cochin, has suffered most on account of banks going into liquidation. In West Bengal, the winding up of as many as 80 banks is being made by the Courts through liquidators appointed by them who are mainly lawyers. Section 45(g) of the Banking Companies Act empowered the High Courts to make rules for cheap and speedy disposal of winding up proceedings. The Calcutta High Court, where the largest number of liquidation cases have cropped up, did not think it fit to frame any rules even in four years' time. I asked a question in this House last year, and on the 16th of December, 1952, the

[Shri H. N. Mukerjee]

Finance Minister told me that the Calcutta High Court had not found the time to frame the rules for liquidation proceedings. This is an example of solicitude for the creditors and generally for small business interests in Bengal which the Calcutta High Court has shown.

The Calcutta High Court has also thought fit to appoint its Official Receiver, in addition to his other duties, to be liquidator of 44 banks, not because it was desirable that these 44 banks should be looked after by an official attached to the Court, but because they were of no interest to private liquidators who want to be appointed on account of the patronage of High Court Judges or of Solicitors who want to be appointed as liquidators. These 44 banks were not worthwhile to these people. They would not be touched with a pair of tongs by the average practitioner who wants to be a liquidator. They were not remunerative; they had slender resources. But in the case of one Bank—the Nath Bank—the Calcutta High Court showed a wonderful instance of its solicitude for everybody concerned. It appointed three liquidators at Rs. 2,000 per month, and of the three liquidators two were absentee liquidators including our distinguished friend, the late Dr. Syama Prasad Mookerjee. We all have much respect for the distinguished memory of our deceased friend, but it is amazing how in the liquidation of a bank a person of his eminence who had hardly any time to devote to liquidation proceedings could be appointed liquidator at such a high rate of remuneration as Rs. 2,000 per month. There were two others also. Thus there were three, together drawing Rs. 6,000 every month. This is the reason why in the statement which the Minister has so kindly supplied to us we find that the Nath Bank—this particular Bank to which I am making a reference—spent in remuneration to liquidators Rs. 2,30,321/3/-. This is the way in which the Calcutta High Court has behaved, and I mention the case of the Calcutta High Court because I feel that West Bengal has been a very great sufferer on account of this phenomenon of the liquidation of banks and the High Court has borne hardly its share of responsibility as far as looking after the interests of the creditors was concerned.

As far as these private liquidators are concerned, the Committee has made very unequivocal declarations.

Mr. Deputy-Speaker: As far as possible hon. Members should avoid any reflection on the High Court or High Court Judges. As it is another body which is also responsible to the Constitution, no adverse references should be made in this House. Of course, there are the parties. The parties can appear and they can take exception to it. We do not know the volume of business and other things in the Court. Under these circumstances. such remarks may be avoided as far as possible.

Shri H. N. Mukerjee: I certainly appreciate what you have said, and I would not, in normal circumstances, refer to what the Courts are doing, but in view of certain rights being vested in the High Court by this proposed legislation, it is necessary for me to point out how the Courts have behaved in this particular regard. I speak with a complete sense of appreciation of the work the High Court does in other respects, but as far as banking liquidation is concerned, I feel it is my duty to refer to certain phenomena which have attracted the attention of everybody and which can only be bruited about in the Houses of Parliament and nowhere else.

Mr. Deputy-Speaker: I do not take any exception. The hon. Member is a very good speaker. He can use language which would not offend and at the same time serve the purpose. The hon. Member can easily say that such amounts are very high or excessive, that he feels that proper attention has not been paid to the matter and so on. There is no need to say further.

Shri H. N. Mukerjee: As far as the private liquidators are concerned, the Banks Liquidation Proceedings Committee have said very unequivocally that usually liquidation was carried on in a "dilatory and inefficient way". My submission is that if a proper enquiry is made it will be found that liquidators have not discharged their statutory obligations regarding submission of reports to the Courts or timely filing of accounts or settling lists of creditors etc., although they have been in charge of liquidation proceedings for four to five years or more. Only in very few cases has action been taken against banking directors, and in some cases, as in the case of the Girish Bank, such action is found to be time-barred. This kind of lapse on the part of liquidators has happened. Numerous suits have been permitted to be filed by the liquidators for recovery of small unsecured and unrealisable claims as low, I am told, as Rs. 60 by incurring taxed costs of Rs. 500 or more.

In this connection, I might refer to the observations made by the Chief Justice of the Calcutta High Court who shows how many lakhs of rupees have been spent as in-pocket and out-of-pocket expenses of the Solicitors concerned in most of these cases. As regards the commission allowed by the Court to liquidators, the Banks Liquidation Proceedings Committee have made severe remarks. It says, for example, that there is a clear instance of wide divergence of payments as regards the costs of liquidation. In Calcutta in the case of one Bank, the liquidators realised about Rs. 85 lakhs and earned a commission of about Rs. 2·57 lakhs, whereas on the same amount of recovery by the liquidator, the commission under the Bombay rates would not have exceeded Rs. 86,600. This is from para. 29 of the Banks Liquidation Proceedings Committee.

The liquidators are officers of the Court. Many of them practising Members of the Bar. But I have noticed that for getting very minor directions of the Court or for passing accounts they appear through counsel. This is most amazing. They appear through counsel or through Solicitors. They might very easily appear in person, but they incur unnecessary costs and the Court allows it.

Shri B. Das (Jajpur-Keonjhar): Is that not the system in the Calcutta High Court?

Shri H. N. Mukerjee: Wherever the dual system is in operation, the opportunity is easier to take hold of for these people to get counsel appointed by Solicitors and so multiply costs. In one instance—of the Pioneer Bank—I understand the creditors raised an objection to this sort of thing, *viz.*, unnecessary costs being incurred, but somehow judicial encouragement is not given to the creditors in regard to their rights, but encouragement is given to practitioners for whatever reason—that perhaps I should not go into.

Then again, there is no uniformity in liquidation proceedings. In calcutta, one Judge, for example, said: "Day to day joining of office from your residence is not joining duty", which is a reasonable statement to make. Another Judge, however, allowed car allowance of Rs. 150 per month to the liquidator of the Central Calcutta Bank and permitted use of the Bank's car and also permitted the allotment of Rs. 800 for repairs to be made to the car concerned. This kind of thing has happened. While some liquidators have obtained directions of the Court not to file suits to recover small claims where debtors cannot be traced, no such general direction has been given to all liquidators.

4 P.M.

My point is this. Instances could be given galore, of the performances of our courts, and therefore I feel that we should be very chary of investing the courts with such rights as this Bill proposes to confer on them. Rules 76, 77 and 78 framed by the High Court under the Indian Companies Act, provide....

Mr. Deputy-Speaker: Is it not the object of the Bill to appoint court liquidators instead of *ad hoc* liquidators?

Shri K. K. Basu (Diamond Harbour): There is a provision to do away with it also.

Shri H. N. Mukerjee: There is a provision for the High Court to exercise its discretion, and to keep the old liquidators. My point is that it is very dangerous, particularly in view of the experience we have had already of these present liquidators—and I say so with all deference to the High Courts—to invest the High Courts....

Shri A. C. Guha: May I point out, Sir, that the option of the High Court is very very restricted and limited? I do not think any judge of the High Court will use that option lightly in the pending cases. All cases are to be transferred to the court liquidators, excepting those cases where the company law judge considers that such a transfer will be prejudical to the interests of the depositors. The order has also to be passed in writing.

Shri H. N. Mukerjee: My difficulty is this. The Chief Justice of the Calcutta High Court has written to the hon. Deputy Minister a letter—from which he has quoted, and the text of which has been circulated to us—wherein the Chief Justice says:

> "It will not be easy to remove a liquidator already appointed, because under the Companies Act, he can be removed only on due cause shown, and therefore generally speaking, the proceedings now pending will continue to remain in the hands of the respective liquidators now in office."

This gives us a very clear indication of the way in which the discretion of the court is going to be exercised.

Shri A. C. Guha: Simply to avoid that difficulty, we have made adequate provision in this Bill, and at the suggestion of the Chief Justice of the High Court himself. What has been stated in the Chief Justice's letter is the arrangement under the present legal provisions. But here we have provided just the opposite. All cases are to be transferred automatically to the court liquidators, excepting such cases where the judge thinks that a transfer will be prejudicial to the interests of the depositors. The hon. Member is stating only the present position. It is at the suggestion of the Chief Justice of the Calcutta High Court, that we have made the other provision.

Shri H. N. Mukerjee: Under clause 6 of this Bill, the proviso to the proposed new Section 38A(3) reads:

> "Provided that where the High Court is of opinion that the appointment of the court liquidator would be detrimental to the interests of the depositors of the banking company, it may direct the person appointed as the official liquidator to continue to act as such."

The continuation, therefore, of the present holders of the office of liquidator is contingent upon the exercise of discretion by the High Court concerned. As far as the Calcutta High Court, where the largest number of this kind of cases cropped up, is concerned, we can be sure that from what the Chief Justice has stated, that discretion is very likely to be exercised in a fashion, which at least I cannot welcome. That is what I wish to point out. I have not put in an amendment, but my suggestion would be omission of this proviso altogether, because there have been very unambiguous expressions used by the Banks Liquidation Proceedings Committee, which refer to the present incumbents. I find also that the Reserve Bank is very likely to institute an inquiry into the conduct of the present liquidators. If that is so, any possibility of the present liquidators having to be continued in office, even as a result of the exercise of discretion by the High Court, is a possibility which I want to blot out, if I possibly can. I say this, because of the experience which the creditors have got. The creditors, the depositors, and such other people have represented their grievances to us, and they want their case to be put as strongly as we think with justice it ought to be done. That is the point I am seeking to make.

The courts have dismally failed to wind up banks, in the interests of the creditors. They seem to have kept the creditors away from all knowledge of winding-up proceedings, and normally they have granted liquidators' applications for dispensing with the appointment of a committee of inspection. Now, of course, Government have come forward with the idea that a court liquidator should be appointed. So far, so good, but you will get no more than what can be called a sucked lemon. Besides, the present liquidators may continue, which as I have already tried to explain, is a calamity. I say this again, and I would repeat what I said earlier, because the Banks Liquidation Proceedings Committee have categorically denounced private liquidators as dilatory and inefficient. I know some of these liquidators. Some of them happen to be my friends also, and I know what they do. After court hours, they go for a while to the office, go back home, come back again the next day after court hours, and charge the commission. This is not the proper way of looking after the interests of people's money. Now what are these small banks? These small banks keep the savings of very small people, poor rural folk, lower middle class people, and as my hon. friend Shri B. Das was pointing out to me, wherever we find small banks as in West Bengal, Bihar, Orissa and such other States, these small banks are the repositories of credit for small business. These small people cannot go to the big banks, and in fact, most of us cannot open accounts in the Imperial Bank, and so we want to open accounts in the banks which are more accessible to us, and which are rather easy for us to tackle, and that is how the common man gets into touch with these common banks. Now we find these banks go into liquidation, because of the lapses of those who are in charge of their administration, and they are not brought to book. The charge of these banks is given over to barristers, who either have too much of practice to have any time left for looking after these banks, or barristers, who have no practice at all, who merely live on these liquidation proceedings, and who have really not the kind of training and equipment which is very necessary in order that these liquidation proceedings can properly be conducted. That is why I suggest for Government's consideration that court liquidators may perhaps be appointed from a wider circle, not merely from barristers, and solicitors, and chartered accountants, but you may make a rule that lawyers of all categories with ten or fifteen years' experience, may apply, and the court may appoint, whoever it thinks fit.

So, I suggest that especially in view of the likelihood of an inquiry being made by the Reserve Bank, into the conduct of those who are holding the job of liquidators at the present time, we should be very chary about giving them any possible hold upon liquidation proceedings in the future. It is good that Government have moved, but Government have moved perhaps too late—that is usual with Government—and after so much of delay that much of the benefit that could have been expected out of this legislation would no longer be available to us. Therefore I suggest that Government should try to make amends with all speed, by framing this law in a form as beneficial as it possibly can be to the interests of the creditors, and as preventive as it can be, of the business immorality which is so clearly suggested by such a very large number of bank failures in our country.

These are the points which I wanted to place before the House, but I have deliberately not given notice of any amendments, because I wanted to place my suggestions before the hon. Minister, in the course of the consideration motion that is being discussed.

Mr. Deputy-Speaker: Before I call upon other hon. Members, I would like to announce one thing. The other day, Shri M. S. Gurupadaswamy moved a motion for referring the Bill to a Select Committee. But at the time of making the motion, he had not mentioned the names. Therefore I could not read out the names, but he has given the names to the office later. Today he has not appeared in the House, to resume his speech. All the same, inasmuch as he has given the names, and he has already made the motion for referring the Bill to a Select Committee, it does not matter, if he is not present. I shall read out the motion, so that this also might be discussed, and referred to by hon. Members, as has been done already.

Motion moved:

> "That the Bill be referred to a Select Committee consisting of Shri Rishang Keishing, Shri V. Boovaraghasamy, Shri N. R. M. Swamy, Shri N. Sreekantan Nair, Shri Mangalagiri Nanadas, Shri T. B. Vittal Rao, Shri S. V. Ramaswamy, Dr. Ram Subhag Singh, Shri Diwan Chand Sharma, Shri Jhulan Sinha, Shri Bishwa Nath Roy, Shri Shyam Nandan Mishra, Sardar Hukam Singh, Shri Arun Chandra Guha, Shri Tridib Kumar Chaudhuri, and the Mover, with instructions to report by the last day of the first week of the next session."

Dr. M. M. Das (Burdwan—Reserved—Sch. Castes): Mr. Deputy-Speaker, I rise to give my support to this Bill with a mixed feeling of satisfaction and sorrow. I am glad that at long last our Government has brought before the House a comprehensive measure regulating the liquidation of banks—a measure which will be beneficial to the unfortunate depositors of this country. At the same time, I am sorry to see the unusually long time that Government has taken in bringing forward this very important and urgent piece of legislation. The largest number of banks crashed in this country during the post-war and post-partition period, *i.e.* during 1946-47. My hon. friend Shri Mukerjee from West Bengal has used very beautiful phrases in making allegations against the Government. This is nothing but a "face-saving measure of the Government", he says. Another beautiful phrase he has used is "indifferent inactivity of our Government". I want to tell him that at the time when all these banks in West Bengal, Punjab, Madras and Bombay crashed, Government was not sleeping over the matter. They were watching the situation with the greatest interest and adopting necessary measures.

Shri T. K. Chaudhuri (Berhampore): You mean these failures?

Dr. M. M. Das: They were fully aware of the facts and were vigilant. To meet the situation, they promulgated Ordinance after Ordinance governing the administration of the banks in our country. The evolution of the laws regulating banking in our country has been a very gradual process based upon practical experience and actual difficulties. Measures were adopted piecemeal one after another when the situation demanded them. Unlike the Indian Companies Act which had the English Companies Act before it as its model, "the Banking Company's law" in India had no precedent in the British statutes. Thus, we find that at the end of the war when evil days befell our banks and many of them began to crash one after another in rapid succession, Government tried to meet the situation by adopting legislation after legislation as and when the situation so demanded.

In 1944, a new Section was added to the Indian Companies Act which then guided the banking companies. In the year 1946, an Ordinance—called the Indian Banking Companies (Inspection) Ordinance—was promulgated. During the latter part of the same year, *i.e.* 1946, the Banking Companies (Restriction of Branches) Act was passed. Again in 1948, an Ordinance—called the Banking Companies (Control) Ordinance—was promulgated. I want to ask my hon. friend Shri Mukerjee from West Bengal whether the passing of these different Acts and Ordinances shows that the Government was callous or that it was sleeping over the matter as he has alleged?

Shri Sarmah (Golaghat-Jorhat): With what results?

Dr. M. M. Das: That is altogether a different question. Finally in March 1949, the Indian Banking Companies Act was passed in which were embodied all these different legislations promulgated piecemeal, with necessary modifications. But although a comprehensive and new legislation relating to the banking companies in this country was enacted, yet the winding up operations and procedures and the liquidation procedures were left to be guided by those provisions of the Indian Companies Act which guided the liquidation procedures of the other joint stock companies. It did not occur to our Government that the basic difference between a bank and a non-banking joint stock company requires and demands a difference in the liquidation procedures also. This omission, this failure on the part of our Government, to evolve a suitable and appropriate legislation for the liquidation procedures of our banks was indeed a retrograde step. It certainly betrays lack of imagination and foresight and also lack of proper appreciation of the facts. If the legislation that is before us today had been incorporated in the Indian Companies Act of 1949, then I am sure a few million more rupees would have gone into the pockets of the lawful owners—the unfortunate depositors who very indiscreetly and unfortunately deposited their money with banks of doubtful stability and integrity.

As a Member coming from West Bengal, I am not able to take lightly the unusually long time which our Government has taken—more than four years: from 1949 to 1953—to evolve a really efficient and comprehensive measure which will benefit the depositors of our country. Some of my hon. friends during the discussion on a previous Bill a few days ago criticised. or rather questioned the propriety of promulgating an Ordinance to enforce the provisions of a Bill which would be brought before this House later on. So far as the Ordinance that enforced the provisions of this particular Bill is concerned, I have not the least doubt in my mind that our Government would have committed a great mistake if they had not promulgated that Ordinance before. The liquidation procedures adopted in the case of some banks in Bengal revealed the astounding fact that while the expense of liquidation amounted to Rs. 39·81 lakhs, the moneys returned to the depositors totalled only Rs. 17·64 lakhs. It was criminal on the part of any Government to allow liquidation procedures to continue in this manner. Government had to stop this process. And the only way in which they can do it was to promulgate an Ordinance to this effect.

Coming to the Bill itself, Sir, the most important provision that has been made is the appointment of a Court Liquidator by the High Courts of this land. This question of the appointment of a Court Liquidator, Sir, has been gone into in great detail by the Banks Liquidation Proceedings Committee. In their report, in para. 76, the Committee has said:

> "The advantages of the Court Liquidator may be stated as follows:
>
> Multiplication of staff is avoided. In Calcutta, for example, where there are 34 Banks under the control of private liquidators, each liquidator has his own staff and the expenses of his office, including rent and salaries are paid from the assets of the Company. In the case of a Court Liquidator, there will be one office and one staff, paid by Government to deal with all liquidations."

[Dr. M. M. Das]

Again, the Committee said, "there will be considerable savings in costs. Moreover, the official liquidator being an officer of the High Court has ready access to the Court and can get his instructions from the Court more speedily and without the necessity of engaging Solicitors or Counsel".

Sir, the appointment of the liquidators by the High Courts is not something new or novel, that has been recommended by the Banks Liquidation Proceedings Committee. The office of the Court Liquidator at Bombay was established as a Government department under the superintendence of the High Court by a resolution of the Bombay Government in consultation with the High Court about 22 years back. The service rendered by the Court Liquidator at Bombay is well-known and acknowledged both by the Central Government and the Reserve Bank. What astonishes me, Sir, is why similar arrangements were not made and similar Court Liquidators were not appointed by the High Courts in other States of this country, especially in West Bengal, Punjab and Madras where the number of bank crashes were in no way less than that in Bombay.

Shri B. Das: You are blaming the West Bengal Government, I think.

Dr. M. M. Das: Whatever it may be, I am expressing my views on this point.

As for myself, Sir, I wish to say that the Reserve Bank should be appointed as the official liquidator. I do not understand, what difficulty our Government has, what difficulty the Reserve Bank has, in undertaking this responsibility.

Shri B. Das: The Reserve Bank is sleeping; it does not know its duty!

Dr. M. M. Das: Sir, the Banking Companies Act of 1949 has given to the Reserve Bank practically unlimited power for the proper administration of the scheduled banks. In my opinion, the responsibility for the administration of the liquidation proceedings of the Banks should also be entrusted to the Reserve Bank. Sir, I fully appreciate the cogency of the argument that has been advanced against this procedure. But, I do not propose to confer exclusive jurisdiction on the Reserve Bank in relation to these liquidation proceedings. What I do propose is that in all cases the Reserve Bank should be appointed official liquidator to carry on the liquidation proceedings under the guidance, supervision and superintendence of the High Courts. But, this is a very intricate and complex question and I admit, Sir, there is enough room for difference of opinion.

A similar question also arose before the Company Law Committee and the Company Law Committee, after due deliberation recommended the setting up of a "central authority" like the Board of Trade in England which will execute the winding up operations of the Joint Stock Companies. But our Government did not accept that recommendation and in the Companies Bill that has been introduced in this House during the last session, Government has made another amendment for the appointment of "official liquidators" in the High Courts. Sir, section 411 of the Companies Bill, 1953, reads thus:

> "there shall be attached to each High Court an Official Liquidator appointed by the Central Government, who shall be a whole-time officer, unless the Central Government considers that there will not be sufficient work for a whole-time officer......"

This provision, Sir, for an Official Liquidator in the Companies Bill appears to be very similar to the Court Liquidator that has been provided for in the measure before us today. The only difference that I find is in the appointing authorities. In the Banking Companies (Amendment) Bill, the appointing authority is the High Court whereas in the Companies Bill, we find that the appointing authority is the Central Government. I do not understand the significance of this difference in the appointing authorities. I hope, Sir, my hon. friend, the Deputy Minister who is piloting this Bill may throw some light on this point in his reply to the debate.

Sir, there are many other points which I propose to take up during the second reading of this Bill. I give my whole-hearted and unstinted support to this measure.

Shri B. Das: Sir, my hon. friend Shri A. C. Guha concluded his speech the other afternoon by saying that he does not wish to be proud to have fathered this legislation but he will be very happy if he will do away with all the tragedy that happened in Bengal and there will be no more failures of Banks. I know him for so many years and his great services to the cause of nationalism. Naturally, he is very very modest and in all humility he says he seeks the happiness of the people. That has been one of his pet ambitions in life. Sir, I support this Banking (Amendment) Bill.

Sir, I happen to be a neighbour of my friend Mr. Guha. Out of the 90 Banks that got liquidated in Bengal, as many as 40 of them exploited people in Orissa. They established in small towns of Orissa branches of their banks. They shut the doors and vanished when sufficient money was collected. I am giving you an instance. One of them—The Kamrup Bank came from Assam. (*Interruption.*) Sir, these small banks which got themselves liquidated in Bengal caused so much of hardship and distress to the shareholders, the middle class families and the small depositors who were mostly middle-class and lower middle-class people. They had to be thrown on the mercies of the ambitious company, promoters of Bengal and other parts of the country including Travancore-Cochin.

The Reserve Bank's name has been mentioned. I just mention that the Reserve Bank has done nothing in the rehabilitation of these small struggling banks. I was one of those who were there at the baptising ceremony of the Reserve Bank in 1934-35. It was a Bank of the colonial rulers of India designed to meet the requirements of the alien Government, along with the Imperial Bank of India which was alien controlled then and even now. It later on brought in the list of the scheduled banks of the capitalists and industrialists of India who only thought in their own terms of economy, and not in terms of the masses and their economic welfare or in terms of small industries. So, the Scheduled Banks, including that Imperial Bank and the Reserve Bank of India all combined. They did not help to develop Bengal, Assam, Orissa, Travancore or any other place. They helped in the development of Bombay and Calcutta cities where the industrial magnates live, of whom 90 per cent. were foreigners or 'foreignised' Indians who aped the foreigners in the matter of the exploitation of the masses.

I am taking you back to the period before 1946-47. Now, the Reserve Bank has become the National Bank of India. I have blessed it. I was present on the floor of this House when it became a National Bank. But its relationship as a national Bank does not quite fit in with the Imperial Bank of India. It is high time that the Imperial Bank should be nationalised. But the Reserve Bank, through the Finance Minister, will have to account to this House as to what happened to the huge invisible balances under the control of the Imperial Bank. Have they been spirited away or vanished or are they still under the control of the Imperial Bank authorities and the Reserve Bank? And yet, the Imperial Bank is the Banker for the Central and State Governments on behalf of the Reserve Bank.

Mr. Deputy-Speaker: How is all that relevant to this Bill?

Shri B. Das: A little, Sir. I am just developing my point. I shall not be taking much time, but I want to speak

[Shri B. Das]

once, because banking is a pet subject of mine.

Mr. Deputy-Speaker: It is a very interesting subject but that should have connection with the motion under discussion.

Shri B. Das: I am coming to that. The Imperial Bank has to be nationalised. Whether it is still to be called Imperial Bank or not, it should be nationalized properly, as the Reserve Bank now is.

Now, look at the small people and the small scale industries, with their constant dreams and hopes to develop small scale industries. The shareholders are small lawyers and clerks and they make these banks and we can help them in their effort to develop every part of India. Even in the south, in Madras, and in every part of India, the small people create these banks. The Reserve Bank—not the present nationalised Reserve Bank, but the previous Reserve Bank—came to control the scheduled and the non-scheduled banks. Those banks could not stand that control of the Reserve Bank which was so mechanised and 'foreignised'. When the crash occurred in Bengal, most of us wanted our dreams of swaraj to be realized, and the economic development of India to come into fruition. Then, the small banks both scheduled and non-scheduled,—one Bank called the Nath Bank previously mentioned—all tried to help the industries. Shall I tell you, Sir, today in Calcutta, small industries are not prospering. The Reserve Bank has no thoughts for them. It has yet, in this sense, to be nationalised. I hope the nationalist Governor of the Reserve Bank—my old friend—will do that, but I understand he is retiring in a few months. But I hope the nationalist Governor of the Reserve Bank will understand that the Reserve Bank which was started in 1934 with high objectives to help the Industries and agriculture will now see that money flowed to the people and agriculturists. There is nothing that now flows. Only ink flows on the paper and that was dripping on the paper and that has dripped on the floor of this House.

Shri A. C. Guha: There is another Bill amending the Reserve Bank Act.

Shri B. Das: I hope it will come. I am only trying to tell you that the Reserve Bank should be nationalised in all its functions.

Mr. Deputy-Speaker: Also, the Imperial Bank Act?

Shri A. C. Guha: No, Sir.

Shri B. Das: It won't come. The bogey of India and Pakistan is there. You are not agitating. The financiers are not politicians. The Finance Minister, the Deputy Finance Minister, are not politicians here. They must be purely economic and finance-minded. You and I know for the last six years what is worrying the minds of the Government of India. But I leave it there. I will come to the point which I was trying to make. The Reserve Bank is guilty. It has never helped, it would not help the non-scheduled banks to rise and prosper. It was a pure foreign bogey under the British cloak. It is foreignised, and it was purely a bogey up to 1946. They then passed an Act here but their Agent the Imperial Bank remains unnationalised. They never tried to understand what was the needs of the people. I now understand that the Calcutta small industries appointed a committee of enquiry. They found that there are now no small banks—only small-scale of financing. They found they have all gone. They now borrow at 15 per cent. They go to the 'Kabuli' to borrow money. The Government of India have now got the rehabilitation banks, and this morning I put a question to my friend, Mr. Guha, about the States Finance Corporations. I do not know how they are helping the corporations. I hope they will help the small industries as the Industrial Finance Corporation is doing for large industries The Industrial Finance Corporation have not brought hope to me or to my friend, Mr. Guha, while he was sitting on this side of the House. I do not know what he is thinking. I do not want to know what he thinks about it and about the Industrial Finance Corporation. I do not want to know it, but everything that the Government have done so far is to help the capitalist structure of society....

Mr. Deputy-Speaker: That is a report of the Committee. Evidently, the hon. Member is considering it.

Shri B. Das: The report has not been laid on the Table of the House. I hope the Minister will enlighten me on that point.

Shri A. C. Guha: It will be laid.

Shri B. Das: It has taken a long time to print it. I am afraid there is something wrong in the printing press.

Shri A. C. Guha: I said it will be laid.

Shri B. Das: I trust him. It is a tragic situation. It was so in Travancore in those days when the then Dewan ill-treated the 'Congress' Travancore Bank. He shut down the bank. Most of them were imprisoned and derided. The small banks could not stand the competition and the rigorous rules of the heartless, merciless Reserve Bank or its black ally, the Imperial Bank. So, these big banks never came to their help and rescue. That happened, of course—my friend, Mr. Hiren Mukerjee said that the directors were lawyers and the banks had to be liquidated. When we talk of liquidators, I know—and my friend Mr. Guha, the Deputy Minister, gave a graphic description of how property has been transferred in the name of the lawyer Director. his wife and children. I hope it is a matter for lawyers to take up. But whatever that may be, I want the economic development of the country. There was so much hope of that taking shape, but those hopes at the end of the second war were blighted by those liquidations, and the question has been asked whether the liquidators did not function. I am glad my friend Dr. M. M. Das agreed with me. The Bengal Government was not as alert as the Bombay Government. They did not look into the liquidation aspect. The Bengal Government ought to have done that.

I am glad that our Government have brought this Bill. I am not here to praise it, but I feel the Reserve Bank has yet to get my certificate, because it should function as a national bank through its agency, the Imperial Bank.

Everybody is talking of depositors. Nobody has said a word about the patriotic shareholders. I happen to be a shareholder of two liquidated banks. The Managing Director of one of the banks was our worthy friend in the former Assembly—the late Mr. Akhil Chandra Dutta. That bank went into liquidation. I am a man who does not understand anything of the work of lawyers.

Shri A. C. Guha: If the hon. Member has not paid the full amount of the share, I think the liquidator will ask him to pay the balance.

Shri B. Das: That is why I dislike the High Courts. The High Court did ask me to pay the balance and I had to pay it. But I would say....

Mr. Deputy-Speaker: The High Court only enforces the law. The hon. Member must thank himself if the High Court does not enforce it against him. The law is passed here. The High Court enforces it.

Shri B. Das: My friend, and our great friend, the late Mr. B. N. Rau is no more. He tried to adapt the laws to our conditions of sovereignty but if the laws had been adapted in the old fashion, it is for some of us to adapt the laws to suit our own national dignity and the High Courts or the Supreme Court are not there for that purpose and treating the laws in a way as if there is no national interpretation of them.

Dr. N. B. Khare (Gwalior): Is not law an ass?

Shri B. Das: I bow to the opinion of my experienced friend; we have been co-workers in life for a long time. But this is my point: that my friend will write an epitaph or asking the Finance Department to do it on these defunct shareholders, "in memory of the shareholders of small Banks who, out of their patriotic spirit towards national industries died unmourned and their children left starved for ever".

Mr. Deputy-Speaker: The liquidator may yet pay full sixteen annas in the rupee.

Shri B. Das: You are an eminent lawyer, but I have no faith in the lawyer liquidators. As some hon. friend pointed out, liquidators need not always be lawyers and the process of law is terrible, harassing ununderstandable.

Mr. Deputy-Speaker: This measure is to do away with lawyers.

Shri B. Das: But lawyer liquidators.......

An Hon. Member:...are swindlers.

Shri B. Das: I am glad such an eminent lawyer is saying that liquidators are swindlers.

I have to say one thing. This is a preventive law and the first one to be framed after our independence. But it is high time that the Reserve Bank should be advised to function nationally and to think in national terms, not in the terms in which business of banking, management of national credit fellow practices of England and the United States of America. The Reserve Bank must function with a soul and I hope that soul will be brought in by measures which will be sponsored by the hon. Minister.

But, Sir, what is the Reserve Bank doing and my hon. friends on the Treasury Benches doing about the economic development of our country, for promotion of banking habits among our people? There is that body known as the Planning Commission sitting somewhere in the Rashtrapati Bhavan. It sometimes issues long tales about its doings. We hear of small savings certificates and small savings advertisements.

Shri K. K. Basu: Only for newspapers!

Shri B. Das: I am too old to read everything, my friend is an active economist.

These small non-scheduled banks should not be allowed to go into liquidation. The Britishers, the colonial Government that ruled and crushed us, would not allow any private Indian banking to develop, with the result that big private bankers like Daga in Madhya Pradesh went into liquidation. But in Bombay there are still private banks run by ladies the turnover of which amount to crores. It is now my Government that is in charge of the affairs of this country: I share their joys and sorrows. But, unfortunately, we have not yet understood the economic habit and thought of our villagers. The villagers' money must be drawn. Of course, Government is very happy to draw it through postal certificates which go to meet the ways and means requirements of the Government. But it is no investment. The Government of India pay 2 per cent. to 3½ per cent. for the money which one has in the postal deposits and saving's bank deposits. But how it that money being utilised to increase the resources of the country? It is bankers, small bankers and money lenders who are helping our industries, the trade and economic side of our national life. The Postal Department may sometimes help to pull the Finance Minister of the Government of India from holes. But this sort of deposits, or saving habit does not help the development of industries. It is no banking habit. Sir, this is a feeler which I am giving to my hon. friend Shri Arun Chandra Guha. He and his colleagues should think of these things and they must make available liquid resources to the countryside. The Reserve Bank has failed to do it; the Imperial Bank deliberately worked against it. Of course, it has patronised big magnates like my hon. friend Shri Tulsidas Kilachand!

Sir, I take this opportunity to recognise the fact that Shri Dhiren Mitra did yeoman service in producing his valuable report. He is a great solicitor; he is a great servant of the Government of India. His report gave Government a chance to set right mistakes known and unknown, realised and unrealised, and they have brought forward this Bill of which I am happy.

But I have to say one thing more. Banking, Sir, has become a very difficult thing in India. My hon. friends who are labour leaders here will no doubt realise the fact that bank employees today do not contribute to the prosperity of the banks. Sir, a clerk leaves his table exactly at five o'clock. If he is entering a figure Rs. 350/4/-, he will stop at Rs. 35, the other figures will be entered when he comes next day. To High Court Judges this has been a windfall. I am one of those who never dreamt that all our retired High Court Judges should beg about to sit on these Tribunals, these labour tribunals, the income-tax tribunals and banking tribunals. The voluminous reports these tribunals submit to the Government of India very often run into 50 pages, 100 pages and sometimes 500 pages. But what is happening. Trade unionism is a thing which some people very much advocate. But there should be a limit to trade unionism. It stifles banking. Those of us who have read these documents published in the Gazette of India, have very often felt that there is no chance for indigenous banking, except for the Reserve Bank of India, the Imperial Bank or the Bank of India or the Bank of Baroda. That is a point of worry to me. How can we develop our industries if obstacles are put in our way everywhere. I wish to see the day when our Reserve Bank will play its part in the national development of our country. I felicitate Mr. Guha to whom it has been left to sponsor this Bill and I hope good results will flow.

Shri U. M. Trivedi and Shri R. K. Chaudhari *rose—*

Mr. Deputy-Speaker: Shri R. K. Chaudhuri is not affected by this Bill.

Shri U. M. Trivedi (Chittor): He is the wisest man; he never deposits any money in banks.

Mr. Deputy-Speaker: I mean Assam is not involved.

Shri Sarmah: We are very seriously involved. As a matter of fact some eight or nine scheduled banks failed in Assam lifting away Rs. 12 crores. All these had their Head Offices in Calcutta. We are now at the mercy of money-lenders coming from other places:

Shri U. M. Trivedi: Sir I have every sympathy for those who have lost so much of money.

Sir, there is an amendment asking for reference of this Bill to the Select Committee. This Bill is trying to modify the law to a very great extent. The whole of Part IIIA of the old Act is being replaced. Many far-reaching provisions are being put into it. Some of them appear to me to be of a novel nature. So much so that it appears that the High Court which is merely to function as a court of justice, which justice is always honoured and respected by us, is being turned into a sort of magisterial court. And we are giving prosecution of people and complaints of such nature to the High Court as its functions. I do not know how far it would be fitting in with the present notions of jurisprudence that we should allow High Court judges to be sort of prosecutors.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

The other curious provision that is now provided by this law which we must examine in full detail is this. If the High Court feels that it must examine the director and auditors as

[Shri U. M. Trivedi]

provided for in clause 45G, the language does not say who will lead the examination-in-chief. It is true that a liquidator will be there to conduct the cross-examination, if necessary. It is true that the High Court judges may ask questions, if they think fit. But then the burden is cast upon the High Court to arraign the man whom it accuses of a particular thing and then conduct an examination itself. That is to say, we are relegating the High Court to a position of complainant and judge in its own cause. We have to look into this provision and examine whether it is a valid provision under the law of the land or not.

It is such provisions which require to be looked into. And it is quite necessary in the interest of a person who is accused of a particular thing, against whom a sort of judicial proceedings are carried out, that he must be assisted by the presence of a lawyer to help him to put in his aspect of the case. A very limited provision is made in clause 45G that the person examined shall be examined on oath and shall answer all such questions as the High Court may put or allow to be put to him. And then it says:

> "A person ordered to be examined under this section may, at his own cost, employ any person entitled to appear before the High Court who shall be at liberty to put to him such questions as the High Court may deem just for the purpose of enabling him to explain or qualify any answer given by him."

That is to say, a very great limitation is put against the right of an accused person to explain things which are said against him. We should have to examine this law whether it is necessary in the interests of justice or in the interests of the present law in respect of banking companies and whether such a limitation should be put upon the law or not.

Then, Shri H. N. Mukerjee when he was making his speech on this Bill suggested that the proviso under section 38A may be taken away. I for one would suggest that the proviso is a wise one. It is essential to keep such a proviso. Otherwise it is bound to create difficulties when we are bringing in this new law providing for a court liquidator, an officer of the High Court who shall always be attached to the High Court. Once we appoint him and have a provision that without assigning any reasons all the powers of the liquidators will cease and all those proceedings of liquidation that may be pending before them will be automatically transferred to the official liquidator, certainly a provision would be necessary as provided for in the proviso to section 38A. We have to examine that and also see the propriety thereof, whether we should or should not keep it.

With very great respect I would make one submission here. I did not like the venomous attitude of Shri H. N. Mukerjee who most venomously brought in the name of my deceased leader, that he was enjoying a sort of liquidator's salary from a particular bank. Perhaps he does not know what work Dr. Mookerjee used to put in. He has not the capacity of that great leader. He does not know the industry that he had. He has no idea of how he was managing his own affairs, with what conscience that gentleman was working. It was very bad taste on his part to have made use of the name of that gentleman and clearly marked him out for a particular example.

Things do happen in banking circles; I agree that mischievous things happen. They do not happen in banking circles alone but all over the world. We are now surrounded by people who are corrupt. We are calling them corrupt and calling from house-tops that most of them are corrupt. But there are always honest people also. Because of those honest people things go on honestly in the world. Otherwise we would all be in a very rotten state of affairs.

Mr. B. Das in his speech said that on account of the trade union movement the clerks generally put down their pen exactly at 4-30 even when they are writing out a figure, and he said they stop at the annas and write down the pies the next day. But I know of other cases. I have myself worked as a small clerk in a bank. And even today such cases exist. We have not only to go to the bank at 9 or 8-30 in the morning but to stay and stay. right up to 8-30 or 9 in the night before we reach our houses. It is not that people are entirely governed by trade unionism. There are people who want to work and discharge their duties. We cannot rope everybody into the same category.

Shri B. Das: That was the old practice, not after the trade union movement.

Shri U. M. Trivedi: Even today in the United Commercial Bank at Bombay those people stay right up to 6-30.

Shri B. Das: I am glad to hear that.

Shri U. M. Trivedi: Anyhow it is my experience of Bombay banks. I have no idea of Calcutta banks. It is true that the reports are very bad so far as the Calcutta banks are concerned and so far as the West Bengal Government is concerned. And we have to be very careful about the whole law that we are making. In the statement of objects and reasons, in the penultimate paragraph it has been stated:

> "Meanwhile, certain data recently collected about 82 banks in liquidation in West Bengal showed that while the expenses of liquidation amounted to Rs. 39·81 lakhs, the moneys returned to the depositors totalled to only Rs. 17·64 lakhs of which Rs. 15·61 lakhs were paid by one single bank."

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It is a very bad state of affairs which needs no comment whatsoever. But, then, is this Bill the remedy thereof? That question also has to be examined. Are we going to remedy this state of affairs by merely appointing a liquidator or where the liquidator chooses to carry on this sort of affairs, is it going to improve in any manner by merely appointing an official liquidator, just as we are proposing in this Bill? All these things will have to be thrashed out and this can only be done if the Bill is sent to a Select Committee of properly chosen Members who have wide experience of banking and wide experience of how things are conducted in liquidation proceedings. It is a very easy thing to make certain remarks. It is very difficult to make constructive suggestions keeping a proper perspective of the whole question before us. I would therefore suggest and request the hon. Finance Minister to see that this Bill is not rushed through in the manner in which it is desired to be rushed through, taking it for granted that all the wisdom is spent by providing the various clauses in the Bill. All this will have to be looked into. I have gone through this Bill cursorily and I find there is a novel procedure providing for a sort of recovery of dues even beyond limitation and the law of Limitation is being set at naught. We will have to see whether it is desirable to set the whole law of Limitation at naught for getting a few scores of rupees and whether it would be necessary to pursue the people who have had the misfortune or good fortune of being at one time or another directors of banks. There are some who are passive and never take any interest in the things they do and who sometimes, by force of circumstances, are made directors. Are we going to follow them up for years, cause them worry and ruin their life? Is it desirable that we should do all these things? I do not want to offer a sort of criticism *ad hoc* on the whole Bill. I still say that the hon. Finance Minister should see to it that the Select Committee proposal is accepted. It is quite mete and proper that he should himself make certain suggestions about names to be added to the Select Committee which has been sug-

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gested. A proper Select Committee may be appointed and it may be requested to submit its report as early as possible. In view of the circumstance that far-reaching changes are contemplated by these provisions, when the whole of it is re-drafted, it is quite fit and proper that it should be looked into by the Select Committee, and passed into law.

Shri R. K. Chaudhuri (Gauhati): Sir, ordinarily, I should not be speaking on a subject like this, a ponderous and uninteresting subject. I would not be quite correct in saying that I am absolutely uninterested in banking. I am at least interested in one branch of its activities, namely, the issue of overdrafts. The issue of overdrafts is the cause of all mischief that brings about the state of things which necessitate legislation like the one which we are having at the present moment. I would like from my own experience, to warn those who have indulged in overdrafts that it is a very dangerous thing.

An Hon. Member: Have you drawn overdrafts?

Shri R. K. Chaudhuri: It is a very dangerous system.

Shri A. C. Guha: For whom? For the bank or for the person who draws?

Shri R. K. Chaudhuri: For the person. I can tell you about the experiences of the person. I have said on a previous occasion that two institutions think on the same lines, namely the Income-tax department and the housewife. The Income-tax department generally mistakes an overdraft for the income of the man and assesses accordingly. The housewife, at any rate, the modern housewife, who knows how to read English, sometimes imperfectly, mistakes an overdraft as amount to the credit of the person, and therefore quarrel arises. In the general sphere of banking, I hope the hon. Minister will agree, that this is the source of all the mischief that has so far occurred. Hitherto, the post mortem operations after a bank had gone into liquidation were carried on with three objectives. First, to grant protection to the bankers themselves. Before it absolutely closes its operations or immediately after the closing of the operations, the courts grant protection to just save the directors and other employees of the bank from being manhandled. The second objective is to provide employment to a certain class of people, conversant with law and moving about in law courts. It enabled, thirdly, the debtor, at least to be honest enough to discharge his debt because—I am sure you have not got that experience; but those who have experience will know—a bank dead is more dangerous than a bank alive. A bank alive may show certain consideration in realising the debt from you; but a bank dead, that is a bank which is being administered by an official liquidator is a very dangerous institution. The liquidator is interested in getting the debts collected as quickly as possible. He gets a remuneration of 5 per cent. or sometimes more than that. Therefore, he is cruel and tries to realise the money from the debtors. These are the three things which we were doing previously. But, this Bill, I welcome because it will bring about a change in the right direction. It will bring into being more effective steps for the realisation of the debts on the one hand and for the punishing of those people who are responsible for the failure of the banks. To that extent, I wholeheartedly welcome this Bill.

But, I have got certain observations to make with regard to the provisions of the Bill, which may kindly be taken into consideration by the hon. Minister in charge of this Bill. I remember, with some amount of pain and surprise, that the Mover of this Bill was one of the most caustic critics of the Government's attitude or Government's inactivity so far as this matter was concerned. I believe he has given a reflection of his views in the Bill. Now that he has come into office, he has tried to remove those evils of which he was a constant critic in those days. To that extent, I congratulate him. But, I may straightaway tell the House that I am still, even at this age, one of the practising lawyers in different courts and looking at this legislation from the lawyer's point of view, I, first of all, object to the method of summary trial which has been laid down in this Bill. You know, Sir, that summary trials are allowed in ordinary courts when the value of the stolen property or the value of misappropriated property does not exceed Rs. 50. Here large sums of money may be involved and even then the High Court is entitled to try the whole case summarily. As a matter of fact, in this Bill it is not laid down what kind of cases are allowed to be tried summarily and what kind of cases cannot be tried summarily. As regards the provisions regarding appeal, the Bill is not clear.

The Bill says the High Court will lay down rules by which it will be prescribed in what kind of cases appeal will not be allowed and in what kind of cases appeal will not be allowed, and what will be the procedure generally. So, I would ask the hon. Minister to look into this point. I should say that the High Court should not be made to try petty cases. There may be many petty cases; there may be bigger cases also, but the High Court which is the final tribunal of appeal so to say should not be called upon to try ordinary criminal cases and make their judgment unappealable, or unappealable ordinarily, by the persons affected.

Then, a litigation in a High Court, as one knows, is very expensive and the person who is a debtor of the Bank or who is a Director of the Bank may find himself in a very uncomfortable and unjustifiable position if cases are tried by the Court in a summary way and they are not subject to the ordinary law. The higher the Court the lesser the chance of getting any justice in an appellate Court. For instance, if a High Court gives a judgment in a criminal case, it will be very difficult to get it set aside ordinarily, and therefore scope should be given. All cases of a criminal nature arising out of these proceedings should be tried by a Magistrate.

Shri U. M. Trivedi: On a point of information, there is no quorum.

Mr. Chairman: Now the hon. Member can go on.

Shri R. K. Chaudhuri: Then, what I most seriously object to the inclusion of a provision here which lays down that the High Court can, in some cases, order the realisation of the dues by treating it as arrears of land revenue. As an example it is very contagious. I have found such a provision in the Estate Duty Act to which I raised most strenuous objection. Here it is a dispute between two private persons. The Government or the State or the public interest does not come into the picture. When one individual is trying to realise his dues from another, I think resorting to this method of recovery is something which cannot be ordinarily upheld. I therefore request the hon. Minister to look into that Clause. To be precise, I can quote the Clause if the hon. Minister wants. Sub-clause (3) of Clause 45T says:

> "Without prejudice to the provisions of sub-section (1) or sub-section (2), any amount found due to the banking company by an order or decision of the High Court may, with the leave of the High Court, be recovered in the same manner as an arrear of land revenue."

As I understood from the discussion in this House on the Estate Duty Act, one of the methods of recovery of arrears of land revenue was imprisonment. Now, let us for a moment consider the whole position. Here you are dealing with two individuals: one is a debtor, and the other is the creditor. In order to realise the dues of the creditor you are going to resort

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to this method of imprisoning him. We all know that the present tendency is—legislation has been passed under the Civil Procedure Code also—that no man should be committed to prison for realisation of his debt. But here you are going against the spirit of the Constitution, against the laws in every country, and you are allowing the realisation of a private debt—not a debt to the State—by resorting even to imprisonment. That is what I most seriously object to, and I hope the hon. Minister will accept my view and have this particular sub-clause removed.

Another thing, to which my hon. friend Mr. U. M. Trivedi who spoke just before me has also referred, is the limitation Clause in this Bill which has over-ridden all other provisions of the Limitation Act, and says that for realisation of any amount due from a Director there is no period of limitation. Just see what we are ourselves doing when we are keen on having business expansion in this country. Many a time many Directors have lent their signature and support because it was put to them that their signature would add weight and would bring in more shareholders. If steps are taken to realise the amount due from him within three years during his lifetime, it would be all right. But to wait indefinitely and make his grandson and great grandson liable to pay the amount is a preposterous position which cannot be supported. That clause of unlimited period for Directors should be deleted. As regards other debts the period is 12 years. You know very well that the maximum period of limitation is only three years for realisation of ordinary debts which are not secured or not registered. But here, a period of 12 years has been laid down for recovery of the debts. If you say that you must do away with all limitation, I am at one with you. There may not be any question of limitation in any matter, but the jurists thought the other way, *viz.*, that there should be limitation for recovery of certain claims. If this limitation was not there, human life would be impossible, stability would disappear, and therefore certain periods have been prescribed by the Limitation Act for recovery, through the agency of the Courts, of certain debts. The Limitation Act has nothing to do with the morality of the individual. Our late leader of revered memory, Deshabandhu Chittaranjan Das paid to the extent of Rs. 59,000 long after it was barred by limitation. That debt was the debt of his father and he paid it. There is no limitation to an honest man. But in the business world there is a certain procedure, and the Sword of Damocles should not be allowed to be hanging for an indefinite period. Therefore, I would earnestly appeal to the hon. Minister not to insist on having these Clauses passed.

I am only speaking very broadly. I am not going to speak minutely on any point. Another thing to which I should make a reference is about the small depositors. It is stated here that the small depositors should get a preference. I would say that the small depositors who, it is said, should be entitled to get something, would be the very persons who were in the confidence of the Directors, who probably knew that the Bank was in a shaky position and had the opportunity of taking away large sums beforehand leaving only about Rs. 100 or something less to their credit. The small depositors are not necessarily those most affected. A small amount being at the credit of a person does not necessarily mean that he belongs to the poorer class. On the other hand, from my own experience in my State I have found that the poor people put almost all their savings in the Banks. You will be surprised to learn that as many as 14 Banks which had their head offices outside the Province had failed there to the greatest loss of the ordinary man. There are no rich men there, but only ordinary classes of persons, who, instead of keeping their money in their houses, for fear of burglary—actually it is not so much of burglary, as of incendiarism, or a house being on fire etc.—put the money in the banks, and they have lost everything. They do not get even Rs. 100 now. In my opinion, the hon. Minister may take into consideration whether he should not have the benefit under this provision, raised to about Rs. 200 or 300, so as to make that amount available to the poor depositors—not, technically speaking, the 'small depositors' but the really poor depositors.

Shri Jhunjhunwala (Bhagalpur Central): Who is to find out whether he is poor or not?

Shri R. K. Chaudhuri: How are so many other things going to be found out?

If Rs. 200 or Rs. 300 are given to a small depositor,—I mean the poor depositor—it will be a great relief to him. I know of a tailor, who had lost about Rs. 6,000, when the Pioneer Bank went into liquidation. He had saved everything, in order to have a marriage in his family, but he had lost everything. Now he is a poor man, and such a person would find it beneficial to have Rs. 200 or Rs. 300, under this provision. I would therefore suggest that the benefit under this provision should be raised, and given to the poor depositors.

Talking about the Reserve Bank, I feel the least said about it the better. I am not saying about the present Reserve Bank. I do not know anything about the progress that they may have made in the meantime. But I know of the years which had gone by, 1945 or 1946, when the Reserve Bank had the absolute right of declaring any bank to be a scheduled bank: they made some inquiries, and made any bank they liked, a scheduled bank. Now, what was the object behind scheduling a bank? The public generally understood by scheduling, that if a bank is scheduled, the Reserve Bank will come to its aid. when it is in difficulty. I challenge the hon. Minister to tell me, in respect of which of the banks that have gone into liquidation in Bengal, help was given by the Reserve Bank. Was any bank there helped with funds and other things, when it was about to be liquidated?

Shri A. C. Guha: The Nath Bank was helped.

Shri R. K. Chaudhuri: Did the Reserve Bank come forward then and say, look here, I am going to help you? Did the Reserve Bank give any help by means of funds?

Shri A. C. Guha: The Nath Bank was helped.

Shri R. K. Chaudhuri: I do not know of that. I say it is not known to the public, even though it was done in a beneficial manner.

Mr. Chairman: Order, order. The hon. Member has been on his legs for a long time, and we have already devoted nearly three hours to this Bill, out of the 1½ days allotted for this Bill. Previously we had devoted 1 hour and 11 minutes, and today also we have devoted about 1 hour and 45 minutes. I am only submitting to hon. Members that there are about 54 amendments to this Bill. In regard to this Bill consideration stage is not so important as the clause by clause reading. I would therefore request hon. Members to be very brief.

Shri R. K. Chaudhuri: I would only ask the hon. Minister to consider these suggestions. I had other suggestions to make, but for the present, I shall conclude.

Shri T. K. Chaudhuri: Sir, I shall try to be as brief as possible. While welcoming this measure as far as it goes, I must say that I was astounded at the type of defence of this Bill, which was being put forward by my hon. friend Dr. M. M. Das, a little while ago. With regard to the phenomenon of bank liquidation in the postwar period, and particularly after the partition, he was saying that Government were not sitting idle. but they were watching the situation, and they had passed so many Acts with regard

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to helping the creditors in the difficult situation that had arisen.

I would like to draw the attention of the House to the history of the past four years, since 1949. I do not want to go further into the past. In 1949, the Banking Companies Act was passed. If you look into the statistics of bank failures, you would find that 48 banks suspended business in 1949 itself, 33 banks in 1950, and 24 banks in 1951. That all these three and a half years, Government did nothing except passing an ordinance in 1950, which was later replaced by the Banking Companies (Amendment) Act of 1950, which simply sought to reduce the multiplicity of liquidation proceedings. What amazes me most is that Government looked upon the phenomenon of bank liquidations simply as a mater of simplifying or quickening the liquidation proceedings, as if, when we simplify the legal procedure about the winding up of the banks and make the liquidation proceedings easy, somehow or other, the small depositors will be saved.

But as I have stated earlier, Government were all the while there with the custody of the entire credit and banking system of the country in their hands, and the Reserve Bank was there, but they failed to realise in the face of banking crisis of 1946-47 what was happening. Even though the Bank Liquidation Proceedings Committee were not asked to go into that matter, still they could not refrain from noting the causes of these bank liquidations. The Report of that Committee says:

> "A major part of these failures occurred from the year 1947 onwards. This was partly brought about by the fact that the public lost confidence after the second world war, in institutions, which, during the war years of inflation, received substantial deposits which the managements did not invest judiciously."

There were other reasons, among which one at least was the partition of the country, and the fact that many of the assets of certain banks were in Pakistan. This also was largely responsible for the loss of confidence, by the public in those banks.

But what was the Government doing in the face of the grave situation that was arising? If I remember correct, at least in Calcutta, there occurred a precipittatins loss of confidence in the banking system and in the credit institutions of the country, particularly, in the war babies of banking that had grown up during the war period due to all sorts of credit inflations since the Great Calcutta killings and it was about that time that a crash occurred on the Stock Exchanges. Most of the banks which came to grief thereafter had invested money in Stock Exchange and speculated on share scrips. But, so far as the Government and the Reserve Bank were concerned, they did nothing. In the words of our esteemed friend, Dr. M. M. Das, they were simply watching the situation and doing nothing more.

Dr. M. M. Das: Those words, 'doing nothing more' are not mine.

Shri T. K. Chaudhuri: I am adding those words, because they did nothing. That is a plain fact of history.

Dr. M. M. Das: That is your opinion.

Shri T. K. Chaudhuri: It is not my opinion; it is a fact. What did they do; they did nothing.

Now, Sir, it may be asked what could have been done. The present amending Bill has been aptly characterised by another esteemed friend of ours, Shri B. Das, whom we all respect for his outspoken views, as a negative measure. If we want to save the small depositor and if we want to save those banks which are still alive and carrying on somehow or other but which may come to grief any moment, then something else must be done. Some positive measures must be taken.

I may refer the hon. Deputy Minister and the hon. Members of this House to what happened in the United States after the great crash of 1929-30. At that time, Sir,—it is a well-known matter of economic history,—the entire industrial credit system and the banking system of the United States crashed and collapsed almost overnight. But, soon the Government adopted emergency measures and after a certain time, when the situation had become stablised a bit, they adopted a series of other measures which not only stopped bank failures but also salvaged the banks which had suspended business and which had come to grief and tried to revive them. Not only did they try to revive them, but they actually revived them.

I refer you, Sir, to this account by the celebrated monetary economist, Dr. Edwin Kemmerer. In his 'ABC of the Federal Reserve System', he details the measures, in a summary form, which were taken by the U.S. Government. First, the Government opened a National Credit Corporation. That institution was financed by banks and others and was designed to extend credit on assets that were sound but which, under the existing law, were not eligible for re-discount by Federal Reserve Banks. When the emergency became so acute and the assistance proved inadequate, the Reconstruction Finance Corporation was created which was authorised to strengthen the capital structure of banks in difficulties by purchasing newly issued preferred stocks including debentures of these banks and to advance easy loans to them so as to bolster up the weak spots in the credit structure of the country.

I feel, Sir, that that type of organisation is very much necessary and called for in the situation in which we are placed. Of course, at the present moment, the phenomenon of bank failures is not so acute, but we cannot save the situation nor can we provide for safeguarding the small investors merely by simplifying the liquidation proceedings and by enacting certain negative legal measures. We have to take positive steps and we have yet no indication from the Government or from the hon. Deputy Finance Minister of the positive steps that they intend to take. He informed us that the Reserve Bank (Amending) Bill is in the offing, but, so far as I understand, it relates only to high denomination notes and nothing else.

The entire policy of the credit system has to be re-vitalised from the point of view of extending help to the small investors and the small savers, to the middle class and lower middle class depositors. If we want to achieve these things then we must take positive steps 'and think of opening credit institutions of the type which have been detailed by Kemmerer.

I would also ask the Government if they could think of any measure for insuring the depositors up to a certain limited extent. In the United States that was done by the Federal Deposit Insurance Corporation and, the deposits up to 5,000 dollars were insured. Every depositor, every creditor of a Bank is at least assured that that much of his money is safe and in all these liquidation proceedings when the banks go into liquidation it is this Corporation which acts as the Receiver or as the counter-part of the Court Liquidator that we are going to appoint. I would seriously request the the hon. Finance Minister to think about these constructive suggestions which I am putting forward. In our country, the present conditions of banking and credit are such that some positive steps on these lines must be taken and we can well emulate the example of the United States to our benefit.

Coming to the Bill itself, Sir, we are giving the High Courts certain powers. But already, apart from the High Courts, the Reserve Bank, under the Banking Companies Act and the Reserve Bank Act, is also armed with extensive powers. The question natu-

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rally arises, as it has just been referred to by our hon. friend, Mr. Rohini Kumar Chaudhuri, what was the Reserve Bank doing with regard to the scheduled banks. The hon. Minister informs us that it helped one bank out of the 12 scheduled banks that came to grief. I might inform him, and this is not unknown to him either, that it has been openly alleged in Bengal, that in the operations of the Reserve Bank, a great deal of provincialism and other prejudices have played an active part. I do not say that because allegations have been made, we are to act on those allegations or to accept them. But these facts are not, perhaps, unknown to the hon. Minister and he must take steps to see that things do not happen in that way.

I also draw your attention to the very sound maxim which was laid down in the Report of the Banking Liquidation Proceedings Committee. Of course, those were not the views of the Committee but at least of some of the members who wanted the Reserve Bank of India should 'cherish the sound banks, nurse the sick banks and bury the dead banks'. Now, here we are finding a measure which is a sort of burying the dead banks and perhaps carrying on post-mortem when the flesh has already gone and the bones too are gone. We are passing a measure which may be helpful to us in future. But, it is pertinent to ask whether the Reserve Bank has 'cherished the sound Banks and nursed the sick Banks' properly. I may refer here to one recent case. I shall not mention names, but recently one of the banks in Bengal was asked to suspend its business and was forbidden to accept deposits under the well-known provision of Section 35 of the Banking Companies Act by the Reserve Bank. Now, it has been openly alleged that the assets of the bank were quite sound, but certain parties, certain non-Bengalee parties, wanted to come into the management of the bank and they secured a good part of the share, but somehow or other, the management of the bank prevented their coming in, and at once, it has been alleged—I do not say that we are to act on those allegations or to accept those allegations—but it has been alleged that since that time the wrath of the Reserve Bank was directed against the bank and eventually that bank was asked to suspend its business. But what is amazing and that fact testifies at least to the wonderful public credit of the bank—that not one of the creditors of the bank brought in any case against that bank, and I am happy to inform the House that that bank is trying to transform itself into an investors' corporation and perhaps it will succeed in its efforts.

Now, these facts have been openly stated. I want this House and the hon. Minister to take serious note of these allegations, because, after all, the Reserve Bank has not to play merely a negative function. It is now a nationalised bank. It must help in the development of not only the entire banking system—it is not only the gurdian of the entire banking system—but we are on the threshold of big changes in our national economic life. If we are to put credit on the report of the National Planning Commission, and on the declared intention of the Government at least, we are standing on the threshold of a period of big national economic reconstruction. These intentions however lie buried under the pages of that magnificent tome which goes by the name of the National Plan. Here are some of the lines with regard to the functions of the credit system—I am quoting *in extenso* from the Planning Commission's report—this is what the Planning Commission say:

> "The process of economic development, once started, will make new demands on the banking system, and this may necessitate change in organization and structure. Central banking in a

> planned economy can hardly be confined to the regulation of overall supply of credit or to a somewhat negative supply of banking credit."

This is precisely what the Reserve Bank is doing at present—acting entirely negatively. But what is the Reserve Bank doing to help the 'sick' banks that might yet be revived or to extend new credit facilities for the large scale economic reconstruction envisaged by the Plan. We know the post-war conditions have been admittedly difficult. We know that the management of certain banks have invested their resources in an unwise manner, but is the Reserve Bank doing anything to salvage their business to help those banks, to put them on a proper basis so that the depositors may not suffer and so that ultimately the country may be benefited and be served by these credit institutions? But unfortunately, the prevalent doctrine in the Reserve Bank—the gurdian of our national banking and credit system,—seems to be of that negative type which the Planning Commission describes. The Planning Commission further says:

> "It will have to take a direct and active role, firstly, creating or helping to create machinery for financing developmental activities all over the country and secondly, in ensuring that the finances available flow in directions intended. For a successful fulfilment of the plan, it may become necessary to direct special credit facilities to certain lines of high priority. Banking development through normal incentive of private banking is apt to be a slow process.

The Planning Commission, appointed by this Government and the Members of which body enjoy the privileges co-equal to those of the Members of the Government,—they themselves—say in their report that:

> "In this field, private motive may stand in the way of extension of credit facilities to sections of population which need them for rapid development. The proper discharge of the functions of the banking system will necessitate its operation more and more in the light of priorities for development indicated in the plan and less and less in terms of return on capital."

But unfortunately, like many other pious things, that are mentioned in the Planning Commission's report, these few lines also remain totally forgotten. Nobody among the people who have the trusteeship of our national credit and our national finances in their hands seems to have ever read or understood or realized or acted up to the maxims and principles that were laid down by the Planning Commission. Nevertheless, Sir, whatever may be the shortcomings of the present Bill, whatever may be the limitations of the measure proposed I accord my wholehearted support to this Bill, because I am of the opinion that if we have to have a profit system and capitalist system in this country,—of course, I am totally against them and I am for their overthrow—if we are to have such a system, let us have at least honest capitalists, not crooks, to run the finances of our credit system in this country. This Bill is a step in that direction. Therefore, I accord my support to this Bill.

Shri V. B. Gandhi (Bombay City—North): Mr. Chairman, Sir, in a general way, I am sure this Bill—the Banking Companies (Amendment) Bill—will meet with a welcome in this House. This House will welcome this Bill primarily because it fills a very important gap in our legislation on the subject of regulation and control of banking companies in the country. Secondly, this Bill is a rather belated measure, belated in the sense that if it is intended to be of any material help to those thousands of helpless depositors in Bengal, those depositors who have been so grievously wronged in these crises then this Bill has come too late. So far as these depositors are

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concerned, I am afraid this Bill amounts to closing the stable door after the horses have been let out. For, it seems very clear that one of the chief evils of the situation in Bengal, namely, the engagement of private persons as official liquidators cannot be remedied, since these liquidators can only be removed "on due cause being shown".

Thirdly, Sir, this Bill,—we do not know for what reason—has selected the bank directors for special treatment, a harsh treatment. And finally, Sir, we would have liked a more positive approach to this subject, an approach which would have kept in mind the whole problem of progress and expansion of banking in this country as a background against which to consider the limited purpose of this Bill which is to make liquidation proceedings more expeditious and less costly.

Now, Sir, the trouble with our liquidation proceedings today under the existing law is that they are usually so protracted, so complicated, and therefore also so costly. Probably the reason why this Bill has been brought before this House with such expedition is the story that has come out from West Bengal, a story which is so heart-rending, of the great tragedy there. Something has got to be done and here we have this Bill before us.

The problems with which this Bill has to do are two. They have been very well put by the hon. the Deputy Minister for Finance, Mr. A. C. Guha, when he said that the problems before us are: (1) multiplicity of courts and the other, multiplicity of cases. Now, Sir, our legislation on this subject has for sometime been rather incomplete. We should really have dealt with this subject as early as 1934 when by the Reserve Bank of India Act we created our central bank. A good deal of this legislation should have found place in the Reserve Bank of India Act. To some of us it seems our Reserve Bank of India Act is something like only a Memorandum and Articles of Association of a registered company. However, a major step in the direction of supplying this legislation was taken in 1949 by passing the Banking Companies Act. This Act of course incorporated a number of ordinances which were in the meantime promulgated to help control and regulation of banking.

However, under the Banking Companies Act of 1949 the liquidation proceedings still continued to be carried on under the Indian Companies Act. Very serious difficulties arose and to meet these difficulties an amendment of the Banking Companies Act was made in 1950 and that is the present stage of this legislation on the subject.

Now, Sir, out of the two problems, namely, the multiplicity of posts and the multiplicity of cases, the first one was taken care of by the amendment of the Banking Companies Act of 1950. The other problem still remains and it is to take care of this other problem, an equally important problem, that the present measure is before us.

Government in July 1952 appointed a Banks Liquidation Proceedings Committee. This Committee was asked to suggest revision of the law, the procedure and the machinery of liquidation proceedings in this country in view of the difficulties and defects that had come to light. The present Bill is substantially based on the recommendations of this Banks Liquidation Proceedings Committee. That there was a very urgent need for something to be done to simplify the procedure and to make it more economical is understood when we consider the meaning of what has happened in West Bengal recently. In West Bengal there are 82 banks in liquidation. Out of Rs. 57 lakhs realised as a result of the efforts of these liquidators, a major portion of which should have been returned to the depositors, only Rs. 17 lakhs and 64 thousand were returned to the depositors. And what, do you think, happened to the rest? The rest, that is Rs. 39 lakhs 81 thousand were all used up as liquidation expenses.

Here is the story in a nut-shell. 70 per cent. of the amounts realised did not return to the depositors but were used up as liquidation expenses and only 30 per cent. were made available for distribution among the depositors. That is not all, Sir. Even out of this Rs. 17 lakhs 64 thousand which was made available to depositors something like Rs. 15 lakhs and 61 thousand came out of the liquidation of one bank, one single bank. In other words, the tragedy means to us and to those unfortunate depositors that 81 banks in liquidation could make available only Rs. 2 lakhs and 3 thousand for all their depositors. That is the story of Bengal. So, we are not too early in taking up this measure.

This measure, Sir, as it is drafted is a measure to which we all can give our whole-hearted support, with, of course, as I said in the beginning, the exception of some provisions which deal with bank directors. I shall come to them presently. Those who framed this Bill deserve our compliments, because the Bill is comprehensive and as I said over-steps the limit only in one respect and that is in respect of the provisions dealing with the bank directors. This Bill provides for a special officer who would take charge of all the assets, books of account, etc., of the Bank immediately an application has been made.

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This Bill also provides for the appointment of court liquidators in preference to the present system of having some private persons appointed as official liquidators. This Bill also provides that booked depositors' credits will be deemed to be proved which will be of great value in collecting dues.

Then we come to a very important provision in section 45D about the settlement of list of debtors. This has been one of the very trying stumbling blocks in the way of realisation of assets. This Bill also provides that entries in the books of account of the banking company will be admitted in evidence in the proceedings by or against the banking company.

Then, as we all know, a very great step has been taken in preventing debts due to banks being barred by limitation in certain cases.

Finally the Reserve Bank has been given a position which should belong to it, a logical position in the scheme of things, with a right to tender advice, carry out inspections and to make reports.

Mr. Chairman: I do not want to interrupt the hon. Member. But so far he has given the history of the past legislation and given the purport of what several sections contain. He has taken about fourteen minutes and I have to see that the debate is finished today. I will just request him to kindly come to the point and finish his speech as soon as possible.

Shri S. S. More: He is speaking from the treasury benches and giving the summary.

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): He is speaking from the centre.

Shri V. B. Gandhi: I shall directly come to the provisions dealing with the directors. So far as the provisions dealing with the bank directors, especially the directors who are charged with misapplication, misfeasance, retainer or breach of trust, are concerned I believe none of us can have any quarrel with those provisions. But there are certain other aspects of these provisions dealing with bank directors, and even the manner in which these provisions are worded is not entirely free from offence to good taste. As between the delinquent directors, and particularly the unscrupulous ones among them, and the depositors there cannot be any doubt as to which side the sympathies of the House will go. But what do we find?

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Throughout the pages of the Bank Liquidation Proceedings Committee's report and also in various places in this draft Bill we find references made to directors which I think, to say the least, are not very fair. I am not a bank director. I do not aspire to be one. And I do not hold any brief for them. But I want to say that this country still needs bank directors as a class. Bank directors, normally, are very respected citizens in their community. If there are wrong-doers they should be dealt with by law, and there should be a law to deal with them.

Now, Sir, what exactly is all this talk about bank failures and the part the directors have played in these failures? Here are the figures given in the report of the Bank Liquidation Proceedings Committee. Between 1926 and 1946, that is in a period of twenty years, 164 banks failed. And the total of their outside liabilities amounted to Rs. 2,12,00,000. 164 banks with a total outside liability of 2,12,00,000—that is the number of those that failed in twenty years. In six years, between 1947 and 1952, another 157 banks failed (164 in twenty years and 157 in six years) and the total of their outside liabilities was Rs. 27,50,00,000. Now, Sir, why do we find this great discrepancy between these two periods in the number of banks that failed as well as in the total of their outside liabilities? Is that all due to directors? I suppose directors in the twenty years' period preceding were just about the same type of men that we have had in the next six years. Then there must be other causes. And those causes, we find, are mentioned here and there, such as that there was a war, there was inflation, there was partition of the country on an unparalleled scale, and there was of course the resulting economic dislocation. These really are the factors which should explain this great discrepancy.

Coming more directly to the bank failures in the immediate period of 1947-52, the causes of these failures have been stated by the Bank Liquidation Proceedings Committee in their report on page 8, paragraph 18. Here are the causes as stated by the Committee. They say:

> "The major part of these failures occurred from the year 1947 onwards. This was brought about partly by the fact that the public lost, confidence after the Second World War in institutions which during the war years of inflation received substantial deposits which the management did not invest judiciously. There were other reasons as well which contributed to these numerous failures amongst which may be mentioned the economic effects of the partition of the country in 1947. In Punjab these banks which had their major assets in what is now West Pakistan, suffered a disaster in the months immediately following the date of partition."

This is the analysis of the causes as given by the Committee when they are actually talking about the causes. But, in various pages, observations about bank directors are interspersed and certainly they do not agreed with this statement of theirs. I shall, just to give an illustration, refer to page 32, para. 49.

Mr. Chairman: I am very sorry to interrupt the hon. Member. I asked him to be brief. Now, it is ten minutes past six. I propose to call another hon. Member also. I would request the hon. Member to finish his speech in another five minutes. He has already taken 25 minutes.

Shri V. B. Gandhi: In how many minutes, Sir?

Mr. Chairman: I would request him to be as brief as possible and finish his speech in five minutes.

Shri V. B. Gandhi: I will try.

In some places they say that the failure of banks, for the most part, can be ascribed to mismanagement and incompetence on the part of the directors. In some other place they say,—a very amazing sentiment to be found in a book like this—that there should be a day of reckoning between the directors and depositors.

Dr. M. M. Das: That is the proper term to be used.

Shri V. B. Gandhi: All right; I am coming to that.

It is surprising that in the Notes on clauses of this Bill, on page 18, we find a statement like this:

> "In the case of a banking company, the depositors whose moneys are liable to be squandered,"—whose moneys are liable to be squandered, note that—"have no voice in the appointment of directors. Since the failure of a bank is mostly due to mismanagement and misdeeds on the part of the directors, it is reasonable that the delinquent directors and the auditors should be made answerable for defaults and be liable to penalties."

It is this kind of mood in which the whole Bill has been framed so far as the provisions regarding directors go. I shall refer to the relevant provision. Section 45G sub-clause 9 says:

> "Where on such examination, the High Court is of opinion (whether fraud has been committed or not)—
>
> (a) that a person who has been a director of the banking company is not fit to be a director of a company,............
>
> that person shall not, without the leave of the High Court be a director of.........any company....."

It is rather difficult to understand why we are asking the court to declare that a certain person is unfit, and also why he is going to be declared unfit, even though no fraud has been committed. A director may be disqualified But, saying that a director is disqualified is something different from saying that a director is found unfit. If he is really found unfit and you are going to disqualify him for 5 years, how can you say that after five years, he becomes again fit? If he is disqualified, I can understand that the court has the power to remove the disqualification and make him qualified after 5 years. I have given notice of an amendment to that effect. There is a provision in the Indian Companies Act, section 141A, which I think would meet the needs of the situation. It is a very well worded section and I shall read it. The section says that a director or manager or other officer of the company, convicted as the result of a prosecution initiated under this section, shall not without the leave of the court be a director of, or in any way, whether directly or indirectly be concerned in or take part in the management of a company for a period of five years from the date of such conviction. A very similar provision exists in the English Companies Act of 1848.

Mr. Chairman: That means that the other hon. Member whom I propose to call will not be able to finish his speech.

Shri V. B. Gandhi: One minute, Sir, and I shall finish. There, in the English Companies Act, disqualification is made dependant upon fraud being committed. Here, in the present Bill, fraud or no fraud, we are out to declare him unfit.

Dr. M. M. Das: Incompetence.

Shri V. B. Gandhi: I think our country still needs the progress and expansion of banking facilities. Today, in our country we have hardly 4,000 banks, which comes to one bank for 90,000 people. In other countries like Canada and U.K., there is a bank for every 4,000 of the population. If we ever hope to come anywhere near their level, we shall have to have 90,000 banks. Let us try to achieve what we want without hurting or humiliating any class of people. On the contrary, let us try to encourage them.

Shri K. K. Basu: Mr. Chairman, at the fag end of this debate on the general consideration, I would like to express my views on certain points. As I have already indicated, I would not take much time and detain the House.

This particular piece of legislation concerning banks relates only to the procedural part, resultant on the recommendations of an expert committee appointed by the Government in 1952. As many hon. Members who have spoken have said, it was expected that the Banking Companies Act when amended, will do some positive good. But, we are here dealing only with the procedural part concerning banks which have been wound up under th Indian Companies Act or Banking Companies Act. While discussing this Bill, we should have liked to deal with certain other provisions regarding the functions of the Reserve Bank and also the duty of the Government to regulate the working of this Bank, which to a large extent, if I may be permitted to say so, can be considered as a social institution. Strictly speaking, the bank may be a shareholders bank; but a large percentage of the population, though they have no stake in the management, have everything to stake in the bank if it is managed in a wrong way. We thought that the Government, while bringing forward this legislation, would have tried to deal with all these problems, so that a lacuna in the administration of banks in this country could be done away with. However, in view of the urgency of the situation, Government has brought forward this Bill, based on the report of the Expert Committee appointed last year, dealing with the procedure under the Banking Companies Act.

In view of the shortage of time. I do not want to go into the details of what we expected there should have been in this Bill, but I shall deal with the Amending Bill before the House. Before I actually go to the Bill, I should like to mention that the hon. Deputy Minister of Finance comes from the State to which I belong and he himself has wide experience of the results of bank crashes on the common people of my State had to face during the last 6 or 7 years.

Even in the present Banking Companies Act there are provisions in Sections 35 and 36 by which the Reserve Bank of India and the Central Government can intervene in the administration of the Banks. The Government can ask the Reserve Bank to look into the matter and report about the manner in which any particular Bank has worked. When this particular legislation was being discussed we thought that the Government would give us an idea of to what extent in the last six or seven years when so many Banks have crashed the Reserve Bank of India and the Central Government have discharged their responsibility towards the people and the depositors in our country. Unfortunatly, no report has yet come forward, and so far as our knowledge goes the Reserve Bank and the Central Bank did very little to discharge their responsibility in this regard. However, by bringing forward this belated legislation there may be a chance that a very small percentage of the money that is going to be lost may be saved.

In this connection, a provision has been made for the appointment of Court liquidators. The Banks Liquidation Proceedings Committee specifically compared the position of the Court Liquidator and the private liquidator as found in two important commercial cities of our country—Bombay, and Calcutta. As a result of that we are now going to appoint Court Liquidators with a view to minimise the cost of liquidation proceedings and in an attempt to safeguard the interests of the depositors. But we do not know why a proviso has been added by which the High Courts have been given the power to appoint private liquidators in preference to Court Liquidators. I do not know whether I should say more in detail because already exception has been taken to remarks made about the functioning of Courts. However, I should say from my own experience in my State that our High Court has not discharged its responsibility so far as the depositor is concerned.

We know—I will not go into details—that in 1946 and 1947 a large number of Banks crashed. Unlike in Punjab, in our State of West Bengal, we can differentiate the two categories of bank crashes: one class, a large percentage of whose assets is in Pakistan and could not be recovered; and another of quite a number of banks whose Managers or directors indulged in a very obnoxious form of share market dealing or fatka dealing. It is known to everybody, and more so to the Deputy Minister who is piloting this Bill, that these directors just squandered away the cash deposits of the Banks by going in for shares which possibly had no value or by buying them at inflated prices. As soon as the prices came down, the entire burden was shifted on to the banks. As a result of the war, small traders who had made some profits because of inflated prices put their earnings in these banks. But unfortunately one fine morning, as a result of the actions of these directors and managers and as a result of the complete callousness and inactivity of the Reserve Bank to exercise their powers even under the then law, these depositors had to suffer and possibly were completely ruined.

From 1947 it took two years, and in 1949 the Banking Companies Act came. I thought when that Act was brought into force that from the cumulative experience of all the States and more so of the State wherein so many Banks had gone into liquidation, the Act would have been made fool-proof. One fine morning the lawyers found all the proceedings, whether in a Munsiff Court or a District Court, were brought before the High Court under the provisions of the Banking Companies Act. I know in the Calcutta High Court in one day nearly 700 plaints were filed, and the valuation of the plaints were Rs. 175, Rs. 125, Rs. 225 and so on. I know of a particular Solicitor who actually filed 325 plaints in one particular day, the total value of which did not come to Rs. 2,000, because there were small claims and they were all brought forward. And unfortunately for this claim of Rs. 175, as my Deputy Leader has already pointed out, the legal cost which is allowed by the Rules of Procedure of the Court was Rs. 400 to Rs. 500. Our High Court has taken three or four years and even then it has not found the time to frame the rules under the Banking Companies Act. And the Calcutta High Court possibly ranks as the first in our country.

When that is the position today, we again give an option to the High Court to do away with the Court Liquidators. The attitude of the High Court in this matter should have been different from dealing with an ordinary litigant. It was a complete economic crash coming at a particular period which had tremendous repercussions on the socio-economic character of our society and our country. But the High Court took 2½ years to decide the procedure, whether they should be considered as applications or they should be suits, by the appeal courts. They were thinking in an abstract way that it was the right of litigants to fight in their own way as in normal circumstances and bring forward evidence. In these circumstances, if we give some power to the High Court, I do not know to what extent,—however pious the wish of the hon. Deputy Minister may be, he will be able to save the moneys of the common man and the depositors of our country.

In the second reading I shall be able to deal in detail with this particular Clause, because under the Banking Companies Act, the Court may do away with the Committee of Inspection which has been provided for under the Indian Companies Act. Therefore, if a private liquidator is appointed and the Court decides there should not be a Committee of Inspection, the ordinary depositors will

[Shri K. K. Basu]

practically have no say. An ordinary depositor has probably deposited Rs. 500 or Rs. 1,000 or Rs. 2,000 and supposing he lives 300 miles away, he cannot have the time and he will not take the initiative to come forward and look into the administration of the liquidators. I say with a full sense of knowledge and responsibility that only a few days back, just before the last vacation of the High Court in Calcutta, there was a case. A Member of the English Bar had been appointed liquidator three years back. He has collected Rs. 125 lakhs, but as yet he has not furnished a security as ordered by the Court. He is working on an interim order. And to the credit of our present Company Judge I must say that he immediately removed the liquidator. In some cases I have seen that possibly, for reasons which I do not want to disclose, Judges have been lenient towards the members of the profession so far as their work as liquidators is concerned. Therefore, even though a liberal provision has been made giving power to the High Court to do away with compulsory appointment of the Court Liquidator, some safeguard or check must be provided. For that reason I have moved an Amendment. I hope I shall get an opportunity to speak on it.

Then I come to the question of legal charges. I would suggest that an attempt should have been made—I do not know whether it is possible under the rule-making powers of the executive—by Government to have paid lawyers for this purpose. If a lawyer is appointed, in the course of his ordinary work, he has to charge normal fees; unless he is possibly a raw man, he will always charge some fees. I would suggest that you should have a body of men in places like West Bengal and Travancore-Cochin, where quite a large number of banks has gone into liquidation, and I think it should be very easy to get efficient men on a decent pay. If the Calcutta Corporation could afford to have a paid solicitor to work as a whole-time man, and if a local body like the Calcutta Improvement Trust could have a paid solicitor, why should not these liquidation proceedings also be conducted by paid lawyers on a salary basis, and not on the basis of particular fees for particular cases?

As is provided for in the insolveny cases, I wish there had been some concession, even in respect of these liquidation proceedings, in regard to court fees. Otherwise, even as put forward by Mr. Justice Chakravarty, of the Calcutta High Court, nearly 50 per cent. would be eaten up by court fees, and the fees for counsel. I hope the hon. Deputy Minister himself, who at one time, when he was sitting close to us, was a champion of these banks. . .

Shri A. C. Guha: I was never a champion of these banks.

Shri K. K. Basu: I mean the depositors. One other point I would like to emphasize in this connection, and that is. . . .

Shri S. S. More: I think it is time to adjourn, Sir.

Mr. Chairman: I know it.

Shri K. K. Basu: I shall take just five or six minutes.

The next point I would like to emphasize is in respect of the deposits made by the employees of the banks as security. There have been conflicting decisions on the question whether they should have preference over the other creditors or not. As you know, Sir, an accountant or a cashier, when he is appointed on a salary of Rs. 180 or so, has to make a deposit of Rs. 1,000, which might possibly be the savings of his family, or his father or some of his relatives. When the bank goes into liquidation, all that amount is lost. If he is not given preference over the other secured creditors, it may take a long time for him to realise that money. There should have been some provision in the Bill, to safeguard the interests of these persons, and to treat them as creditors with some preferential treatment. A similar provision should also have been made, in respect of the provident fund of the employees. It is true that the depositors would get only a fraction of their claims, but these are the people who have given their best to build up these banks, and because of the misbehaviour or mismanagement of some directors, they have had to suffer. These are some of the points which I would request the hon. Minister to take into consideration.

So far as the provision in respect of the directors is concerned, I would like my hon. friend Shri V. B. Gandhi, to come down to my State, and see for himself in what manner these directors have behaved. I would rather say that the High Courts have been lenient to the directors, for the last six years or so. Only in recent months, the Calcutta High Court has prosecuted about four or five directors. I know of the case of a very eminent director, who, when he was asked, by the High Court, under the Banking Companies Act, to disclose his assets, came to the High Court and said, I have nothing left in my name, I have no assets in my name. Possibly everything had been transferred to the name of somebody else, and the law of the country allows that. But fortunately, here I find some provision in this connection. I doubt whether that provision is strong enough to catch hold of those directors who do not discharge their duty to the shareholders. They must realise that they owe a duty to the shareholders, and they should respect the fact that a bank is merely a social institution. Unless they develop this mentality, they should not be allowed to act as directors of any banking concern.

With these few words, I oppose the motion for referring the Bill to the Select Committee. In view of the urgency of the Bill, I feel that it must be passed in this session itself.

Mr. Chairman: The hon. Minister.

Shri A. C. Guha *rose—*

Shri S. S. More: Are you continuing, Sir?

Mr. Chairman: Is the hon. Minister likely to take long?

Shri A. C. Guha: Yes.

Mr. Chairman: Then I shall adjourn the House till 1-30 P.M. tomorrow.

The House then adjourned till Half Past One of the Clock on Wednesday, the 2nd December, 1953.

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